BENEFICIARY FEATURES OF AMERICAN TRADE UNIONS

Digitized by the Internet Archive
in 2007 with funding from
Microsoft Corporation

http://www.archive.org/details/beneficiaryfeatu00kennrich

SERIES XXVI NOS. 11-12

JOHNS HOPKINS UNIVERSITY STUDIES
IN
HISTORICAL AND POLITICAL SCIENCE
Under the Direction of the
Departments of History, Political Economy, and Political Science

BENEFICIARY FEATURES OF AMERICAN TRADE UNIONS

BY
JAMES B. KENNEDY, PH.D.
Professor of Political Economy in Wells College

BALTIMORE
THE JOHNS HOPKINS PRESS
PUBLISHED MONTHLY
November-December, 1908

Copyright 1908 by
THE JOHNS HOPKINS PRESS

Press of
The New Era Printing Company
Lancaster, Pa.

TABLE OF CONTENTS.

		PAGE.
INTRODUCTION		9
CHAPTER I.	Insurance Against Death and Disability	19
CHAPTER II.	Death Benefits	50
CHAPTER III.	Sick Benefits	72
CHAPTER IV.	Out-of-Work Benefits	84
CHAPTER V.	Superannuation Benefits	100
CHAPTER VI.	Administration	106

PREFACE.

This monograph had its origin in the investigations of American trade-union activities which have engaged the attention of the Economic Seminary of the Johns Hopkins University since October, 1902. It was begun and completed while the author was a graduate student at the University.

The study is based on a survey of the beneficiary activities of national and international trade unions. While no attempt has been made to study in detail the various forms of mutual insurance maintained by local trade unions, frequent references are made thereto, inasmuch as the local activities have usually an important genetic connection with the national. The sources from which information has been secured are the trade-union publications in the Johns Hopkins University collection and important documents at the headquarters of different unions. These have been supplemented by personal interviews with prominent officials and labor leaders.

The author wishes to acknowledge the assistance received, at every stage of the work, from Professor Jacob H. Hollander and Associate Professor George E. Barnett of the Department of Political Economy of the Johns Hopkins University.

J. B. K.

BENEFICIARY FEATURES OF AMERICAN TRADE UNIONS.

INTRODUCTION.

The American trade unions have developed beneficiary functions far more slowly than the trade unions of England and Germany. Only since about 1880 has there been any considerable increase in such activities. Prior to that time the national unions with few exceptions paid no benefits.[1] The local unions, here and there, developed beneficiary systems, but these were not continuous nor, in many cases, important.

The history of trade-union beneficiary activities in the United States may be roughly divided into three periods. In the first, extending from the beginning of the century to about 1830, the local associations laid great stress on their beneficiary functions. The societies of printers organized from 1794 to 1815 in the most important American cities were typical of the period. In all of them, as far as the extant records show, the beneficiary functions were regarded as equally important with the trade-regulating activities. American trade unionism owed its origin as much to the desire to associate for mutual insurance as to the desire to establish trade rules.

The second period, from 1830 to 1880, was marked by the subordination of beneficiary to trade purposes. The maintenance of a minimum rate and other trade policies came to occupy the foremost place in the program of the local unions. In this period national unions were formed in many trades.

[1] The term "benefit" is used in this monograph to include all forms of mutual insurance other than those directly connected with the enforcement of trade-union rules by collective bargaining. "Strike benefits" and "victimized benefits" are thus without the scope of the study.

The new national unions were not strong enough to establish beneficiary systems. Moreover, at many points the establishment of local benefits conflicted with the success of the national organizations. A local union was usually forced to impose certain restrictions upon claimants of benefits, either an initiation fee or a requisite term of membership, in order to protect its funds. Such limitations on the full participation of all members in the benefits of membership militated severely against the carrying out of the prime function of the national unions—the nationalization of membership. The leaders in the trade-union movement of this period were interested chiefly in strengthening the relations of the local unions. They saw, therefore, in the local benefits a hindrance to the accomplishment of their aims. By 1860 it had become a fairly well accepted doctrine that a trade union should not attempt to develop beneficiary functions. It was argued that since the expense of maintaining benefits made the dues of members higher, persons who might otherwise join the unions were prevented from doing so. The leaders of the Iron Molders for years opposed the introduction of beneficiary features on the ground that the development of such activities was likely to interfere with the trade functions of the organization. In 1866 President Sylvis for this reason vigorously opposed the introduction of a national sick benefit.[2] As late as 1895 the veteran president of the Iron Molders—Mr. Martin Fox—counselled the Union against developing an extensive beneficiary system.[3] The same views were entertained by the leaders of the other more important unions of the period.

Shortly after the close of the Civil War the rapid growth of mutual insurance companies attracted the attention of many trade unionists. The formation of insurance associations under the auspices of the national unions with a membership limited to the members of the unions was discussed in the most important organizations of the day. In many of

[2] Iron Molders' Journal, Vol. I, p. 309.
[3] Proceedings of the Twentieth Session, 1895, Report of the President.

them voluntary associations of one kind and another were inaugurated. The Granite Cutters, the Iron Molders and the Printers all experimented after this fashion. Only in the railway brotherhoods did these insurance systems develop into a permanent feature.

The development of beneficiary functions by the leading national unions began about 1880. The benefits administered by these organizations do not interfere with the nationalization of membership. A new theory as to the relation between the beneficiary and the trade functions began about 1880 to gain wide acceptance. It was argued and with much force that the benefits were a direct aid in the accomplishment of trade purposes. While some leaders of the older school have seen in the rapid development of beneficiary functions a danger to the unions, the greater number who have come into positions of authority since 1880 have steadily advocated the establishment of benefits.

The table on p. 12 gives the year in which the principal national unions were organized, together with the date and order of introduction of their national benefit systems.

This change in the attitude of American trade unions toward beneficiary activities is illustrated by the fact that while in the older American trade unions, such as the Typographical Union, the Cigar Makers' Union and the Iron Molders' Union, many years elapsed between the founding of national organizations and the institution of national benefit systems, of the national unions organized since about 1880, some, as for example, the Granite Cutters' Union, the Brotherhood of Painters, the Metal Polishers' Union, and the Wood Workers' Union, incorporated provisions for the payment of benefits in their first constitutions, and many others adopted benefit systems within a few years after organization.

It is maintained that the establishment of beneficiary features is a direct aid to a union in carrying through its trade policies. In the first place, successful systems of benefits, whether they attract members or not, undoubtedly retain them. Sharp and sudden declinations in membership

Name of Organization.	Date of National Organization.	Date of Introduction of Benefit System.[4]	Order of Introduction of Benefit System.
Typographical Union	1850	1891	11
Hatters' Association	1853	1887	6
Stone Cutters' Association	1853	1892	13
Glass Bottle Blowers	1857	1891	12
Iron Molders' Union	1859	1870	2
Cigar Makers' Union	1864	1867	1
Typographia, Deutsch-Amerikanischen.	1873	1884	5
Iron, Steel and Tin Workers	1876	1903	22
Granite Cutters	1877	1877	3
Carpenters and Joiners, Brotherhood..	1881	1882	4
Tailors' Union	1884	1890	8
Painters' Brotherhood	1887	1887	7
Pattern Makers' League	1887	1898	16
Barbers' Union	1887	1895	15
Plumbers' Association	1889	1903	23
Machinists' Association	1889	1893	14
Metal Polishers' Union	1890	1890	9
Wood Workers	1890	1890	10
Garment Workers' Union	1891	1902	21
Boot and Shoe Workers' Union	1895	1898	18
Tobacco Workers' Union	1895	1896	17
Leather Workers on Horse Goods	1896	1898	19
Piano and Organ Workers	1898	1898	20
United Metal Workers	1900	1900	24

during industrial disturbances are thus prevented. The effect of the panic of 1893–1897 was peculiarly instructive in this respect. Many labor unions suffered a considerable decline in members. The Typographical Union lost about ten per cent. of its membership, the Brotherhood of Carpenters about fifty per cent., while the Cigar Makers with a highly developed system of benefits lost only one and one half per cent. The trade unionists naturally regard it as peculiarly desirable that the members should not abandon the organization when the difficulty of maintaining wages and conditions is greatest. To hold in hard times what has been gained in good times is a vital point in trade-union

[4] The dates given indicate the years in which the unions first succeeded in adopting national benefits of some kind, and not the dates on which successful systems were inaugurated. For example, the Cigar Makers' system of travelling loans adopted in 1867 and its "endowment plan" adopted in 1873 were unsuccessful and the present system was not adopted until 1880. (Cigar Makers' Journal and Program, twentieth session, pp. 57–63.)

policy. The trade unionists realize that the chief work of the unions is not so much in advancing wages in good times as in preventing recessions when employment is scarce. President Strasser of the Cigar Makers has pointed out that the Cigar Makers came through the depression of 1893–1897 with very slight reductions in wages. This result he attributed to the beneficiary system which held the membership in good standing.[5]

It is, of course, impossible to estimate with any degree of precision the effect of trade-union benefits in retaining members. Certain unions, such as the Cigar Makers and the Typographia, having compact organizations with highly developed systems of benefits lose almost none of their membership in periods of depression. The experience of the Cigar Makers is peculiarly instructive since we are here able to note the effect due to the introduction of a system of benefits. In 1869 the membership of the union was 5800. No benefits were paid except the strike benefit. In 1873 the membership had fallen to 3771, in 1874 to 2167, in 1875 to 1604, and in 1877 to 1016. A noticeable increase set in about 1879 and by 1883 the number of members was 13,214.[6] In the depression extending from 1893 to 1897 the membership of the Cigar Makers remained almost stationary. The following table shows the number of members for each year from 1890 to 1900:

1890....24,624	1894....27,828	1898....26,460
1891....24,221	1895....27,760	1899....28,994
1892....26,678	1896....27,318	1900....33,955
1893....26,788	1897....26,347	

[5] Cigar Makers' Journal, Vol. 26, September, 1901.

[6] Cigar Makers' Journal, Vol. 10, Aug., 1885; Vol. 19, May, 1894, p. 8. The records of initiations and suspensions for various periods in the history of the union also show the increase in the power to retain members. During 1877–1879, with only strike benefits in operation, 3000 members were initiated and 2750 were suspended; from September, 1879, to September, 1880, with strike and travelling benefits in force, 5453 were initiated and 1853, or 33.9 per cent., were suspended, while from September, 1880, to September, 1881, when a sick benefit was also being paid, 7402 were initiated, and 1867, or 25.2 per cent., were suspended. (Cigar Makers' Journal, Vol. 6, June, 1881, p. 1; Vol. 7, October, 1881, p. 3.)

The Typographia, the only other American trade union which has developed its system of benefits as fully as the Cigar Makers, held its membership equally well during the depression of 1893–1897. The following table shows the membership of the Typographia from 1890 to 1900 by years:

1890....1233	1894....1204	1898....1100
1891....1322	1895....1092	1899....1071
1892....1382	1896....1115	1900....1044
1893....1380	1897....1083	

The falling off in membership in 1894 and 1895 was due only to a very small extent to defections. The introduction of the linotype decreased the opportunity for employment in the trade, and the gradual shrinkage in the amount of German printing done in the United States due to the falling off in German immigration was accentuated by the depression.

While the two unions having the most highly developed beneficiary systems thus show an ability to retain members during periods of depression, it would be absurd to assume that this result is solely the effect of the establishment of the benefits. The Cigar Makers' Union in 1892 would undoubtedly have held its membership better than it did in 1872 even if it had developed no benefits. It is interesting in this connection to note that while in the depression of 1873–1878 the membership of the Typographical Union fell from 9799 to 4260, a loss of forty per cent., and the number of local unions decreased from 105 to 60, in the great depression of 1893–1897 the membership fell from 31,379 in 1894 to 28,096 in 1897, a loss of only ten per cent. Part even of this small loss was due to the withdrawal of the pressmen and bookbinders from the organization. It thus appears that the Typographical Union with a death benefit of sixty-five dollars and a home for the aged held its membership almost as well as the Cigar Makers with their much more highly developed beneficiary system. The change in the power of the Typographical Union to retain its membership was obviously due not so much to the establishment of

beneficiary features as to the greater support which it gave its members in collective bargaining.

A comparison of the effect of the depression of 1893–1897 on the Typographical Union and on the Brotherhood of Carpenters makes the point still clearer. In 1893 when the depression set in the per capita expenditure of the Typographical Union for beneficiary features was $1.50, while that of the Carpenters was $1.40. The death benefit in the Carpenters' union was graded in such a way as to offer an additional incentive to retain membership. The two unions were, as far as the development of benefits is concerned, on about the same plane. As has been noted above, the Printers lost almost none of their members. The Carpenters lost from 1893 to 1895 over half of their membership. The following table shows the membership of the Carpenters by years from 1890 to 1900:

1890....53,769	1894....33,917	1898....31,508
1891....56,937	1895....25,152	1899 } ..68,463
1892....51,313	1896....29,691	1900 }
1893....54,121	1897....28,269	

It is obvious that beneficiary features are only one of several factors in retaining membership.

How far benefits attract members into the unions it is difficult to estimate. In the Cigar Makers' Union, the membership in 1880 was 4440, while in 1881 it was 14,604, an increase of 228 per cent. The increase in 1880 over 1879 had, however, been very large. How far the rapid increase in 1881 was due to the development of the beneficiary system and how far to the natural growth consequent upon a period of industrial activity can only be conjectured. In much the same way the rapid increase in the membership of the Iron Molders, from 20,920 on January 1, 1896, to 41,189 on January 1, 1900, was certainly not due primarily to the introduction of the sick benefit into that union.[7] The Boot and Shoe Workers introduced a system of sick benefits on January 1, 1900. At that time the union had a membership of 2910; at the close of the year the members numbered

[7] Iron Molders' Journal, Vol. 33, p. 73; Vol. 36, p. 78.

10,618, and on January 1, 1904, the number had increased to 69,290.[8] This phenomenal increase was not due chiefly to the desire of the boot and shoe workers to insure themselves against illness, but to the policy of the union in unionizing shoe plants by a liberal granting of the use of the label.

The causes of an increase in membership are usually so intertwined that nothing can be proved statistically as to the effect of the introduction of beneficiary systems. The executive officers of the unions with beneficiary features are, however, a unit in declaring that the desire to secure the advantage of the benefits does attract members.[9]

A second effect of the introduction of benefits is the strengthening of the national treasury. The ordinary trade unionist is not disposed to be liberal in voting supplies to his national officials for trade purposes. A union without beneficiary functions usually has small reserve funds or none at all. The effect of the introduction of beneficiary features is, in the first place, to increase the funds which may in an emergency be used for strike benefits, and more important, perhaps, the members, accustomed to paying a considerable sum weekly or monthly for benefits, are less reluctant to vote assessments adequate for carrying on vigorously the trade policies of the union.

Finally, certain trade-union benefits aid even more directly in accomplishing the trade purposes of the unions by tiding the members over illness or unemployment. An unemployed journeyman, or one impoverished by illness, unless supported by his union is tempted to work below the union rate. A starving man cannot higgle over the conditions of employment. The unions recognize that in time of strike they must support the strikers. The establishment of out-of-work benefits is urged on much the same ground.

While these considerations have been effectual in leading the great mass of American trade unionists to believe in the advisability of developing beneficiary systems in connection

[8] Proceedings of the Fifth Convention, Detroit, 1902; Shoe Workers' Journal, Vol. 5, February, 1904, pp. 19, 25.

[9] Barbers' Journal, Vol. 10, p. 10; Shoe Workers' Journal, Vol. 2, April, 1901, p. 6.

with their unions, the real reason for the rapid growth of benefits lies, of course, in the desire of the members to participate in such beneficiary systems. The development of beneficiary systems has, therefore, not been guided chiefly or largely by the consideration as to what benefits would most aid the trade unions in enforcing their trade policies. The unions have chosen rather to develop those benefits for which there was the greatest need. Taking the Report of the American Federation of Labor as a convenient summary of the beneficiary activities of American trade unions, it appears that in 1907 of sixty-seven national unions paying benefits of all kinds, sixty-three paid death benefits, six paid benefits on the death of members' wives, twenty-four paid sick benefits, eight paid travelling benefits and six paid out-of-work benefits. The benefit which is most effective as an aid to the enforcement of collective bargaining is out-of-work relief. This it will be noted has been adopted by very few unions. On the contrary, the death or funeral benefit of small amount is far and away the predominant form of national trade-union benefit. Probably no other benefit offers as little support to the militant side of trade unionism. The reasons for the greater development of this benefit are, first, the great need among many trade unionists for benefits of this kind. Only within recent years has the funeral benefit been widely obtainable from ordinary insurance companies. Secondly, the administration of a small funeral benefit presents few difficulties as compared with the sick or out-of-work benefit.

While the principle that trade-union benefits are an aid in collective bargaining has not led to the development in American trade unions of those varieties which might be supposed to have an advantage in this respect, the form of some of the benefits has been shaped in accordance with this theory. Thus, there is a tendency to grade the amount of the benefit according to the length of membership, the intention being to make it more serviceable in retaining members.

In practically all the unions trade-union benefits origi-

nated with the local unions. With the introduction of national systems the unions have pursued different policies with regard to the degree of freedom allowed the local union in paying benefits. The national unions that pay benefits may thus be divided into three classes according to their relations with the local unions. In the first class are those unions that pay insurance against death and disability.[10] These unions reserve to the national union the exclusive right and authority to issue insurance but permit the local organizations to pay other benefits. In the second group are those unions that pay death, sick or out-of-work benefits from their national treasuries, but prohibit the local unions from paying similar benefits. The unions that have patterned after the Cigar Makers' Union belong to this group. The chief of these are the Deutsch-Amerikanischen Typographia, the Iron Molders' Union, the Journeymen Plumbers' Association, and the Piano and Organ Workers' Union. Finally, the largest group of unions paying benefits permit the local unions also to pay similar benefits. The principal unions of this character are the Typographical Union, the Brotherhood of Carpenters and Joiners, the Brotherhood of Painters, and the Amalgamated Wood Workers' Union. In general, the more highly developed the beneficiary functions of the national unions become, the less freedom the local unions are given in carrying on such functions. The tendency is therefore to replace local with national benefits. The local unions still play, however, a large rôle in the payment of benefits. It is probable that the aggregate sum disbursed by local unions in the United States for such purposes does not fall far short of the amount expended by the national unions.

[10] Order of Railway Conductors, Brotherhood of Locomotive Engineers, Brotherhood of Locomotive Firemen, Brotherhood of Railroad Trainmen, Order of Railroad Telegraphers, Switchmen's Union, Brotherhood of Maintenance-of-Way Employees, and National Association of Letter Carriers.

CHAPTER I.

Insurance Against Death and Disability.

The distinction between systems of insurance on the one hand and systems of death benefits on the other is not so much one of quality as of quantity. Legally the distinction lies in the fact that in the case of insurance a signed contract known as a policy is given to the insured, while in the case of a benefit no policy is issued. This difference is not of economic importance. Ordinarily, however, where a trade union issues insurance policies to its members the amount paid is larger than in the case of a death benefit. The establishment of insurance systems has thus been confined to a few organizations. The membership of these unions receive relatively high wages and are regularly employed. The highly important rôle which insurance systems have played in the formation and working of these unions and the general similarity of their experiences make it desirable to treat insurance against death and disability separately from the more common death benefits.

The unions which have been successful in establishing insurance systems are the seven principal unions of railway employees, viz., the Grand Brotherhood of Locomotive Engineers, the Order of Railway Conductors, the Brotherhood of Locomotive Firemen, the Brotherhood of Railroad Trainmen, the Order of Railroad Telegraphers, the Switchmen's Union of North America, and the International Brotherhood of Maintenance-of-Way Employees and the National Association of Letter Carriers.

The oldest of these organizations, the Engineers, was formed at Detroit, August 17, 1863, as the "Brotherhood of the Footboard," and was reorganized at Indianapolis, Indiana, August 17, 1864, under the present name. Under the original constitution, foremen and machinists as well as

engineers were admitted; but since February 23, 1864, membership has been restricted to locomotive engineers.[1] The Brotherhood was prosperous from the outset, and at the twenty-first convention in 1884 Grand Chief Arthur reported 258 subordinate divisions with 16,000 members; at the sixth biennnial session in May, 1904, Grand Chief Stone reported 652 divisions with 46,400 members.

The Brotherhood of Locomotive Engineers is not only the oldest of the railway unions, but was the first to institute national beneficiary features. Three years after its organization, in September, 1866, the grand division levied an assessment to raise a fund for "widows and orphans and totally disabled members." The law was unsatisfactory, and few subordinate divisions paid the assessments prior to the Cincinnati convention of October, 1867. This convention ordered all assessments paid at once, and on December 2, 1867, $1212.40 was paid over to the chairman of the board of trustees. This was the nucleus of a fund which reached $10,787.63 on March 1, 1871. On account of charges of mismanagement and the slow growth of the fund repeated efforts were made to repeal the "fund" law, but without success. At the Nashville convention of 1870 a committee appointed to consider the disposition of the fund at the expiration of the five years recommended that the entire sum be paid back to the subordinate divisions. The grand chief opposed this use of the fund, since he regarded it as the Brotherhood's "strongest pillar."[2]

Before the expiration of the five-year period, however, on December 3, 1867, the Brotherhood founded an insurance association.[3] On March 13, 1869, the secretary-treasurer reported: number of members admitted during 1868, 2426; amount of claims paid, $31,920; average amount of each claim, $1520.09; cost per member, $19. At Baltimore, on October 21, 1869, by-laws were adopted providing for assessments of $1 per member for each death, and 50 cents for

[1] Locomotive Engineers' Journal, February, 1867.
[2] *Ibid.*, Vol. 5, p. 294.
[3] *Ibid.*, Vol. 3, p. 232.

each case of total disability,[4] and at the annual convention of 1871 President Sherman reported that for the three and one half years of the life of the association there had been 86 deaths and 88 assessments, aggregating $196,358.50, an average of $3278.

The industrial depression of the seventies decreased the membership, but with the revival of trade an increase set in. Since January 1, 1890, insurance has been compulsory upon all members of the Brotherhood under fifty years of age. In January, 1890, the association numbered about 8000, and on January 1, 1897, it had increased to 18,000. During the twenty-five years of voluntary insurance $3,122,669.61 was paid in death and disability benefits, and at the close of 1896 this total had been increased to $5,771,214.61.[5] Ten years later, December 31, 1906, the membership had grown to 49,328, with $97,799,500 insurance in force, and the total aggregate paid in death and disability claims had reached $10,323,181.60.

The next organization of railway employees to be formed was the "Conductors' Brotherhood," at Mendota, Illinois, July 6, 1868. Being desirous of a more comprehensive organization, a few conductors issued, in November, 1868, a circular to the railway conductors of the United States and the British Provinces. As a result of this effort, the Grand Division of the Order of Railway Conductors was organized at Columbus, Ohio, on December 15, 1868.[6] For a period of twenty-two years the organization grew slowly against much opposition. From 1877 to 1890 the Order was exclusively beneficiary, and many of its members withdrew to organize the "Grand International Brotherhood of Railway Conductors of America." In 1890 the National Convention decided to make collective bargaining one of its functions, and the members of the International Brotherhood joined the Order of Railway Conductors in such numbers that a year later the Brotherhood disbanded. On January

[4] Locomotive Engineers' Journal, Vol. 4, p. 31.
[5] *Ibid.*, Vol. 25, p. 951; Vol. 31, p. 504.
[6] Proceedings, 1868–1885 (Cedar Rapids, 1888), p. 13.

1, 1890, there were 249 subordinate divisions and 13,720 members; on January 1, 1904, there were 446 divisions with 31,288 members.

The convention which founded the Grand Division of the Order of Railway Conductors also instituted a mutual insurance association. The association thus formed was a voluntary society. Members paid $1 upon each death or each case of disability and the amount thus collected constituted the "benefit" paid.[7] At the first annual session held in Chicago in June, 1869, efforts were made to create a permanent insurance fund, but without result; and at the second session held in Buffalo, New York, in October, 1869, after lengthy discussion, the benefit law, adopted in 1868, was unanimously repealed.[8] For a year the Order had no insurance feature; but at the third session in October, 1870, a definite plan was adopted.[9]

From the adoption of this plan to the session at Buffalo, in 1881, the insurance department remained of small importance, and only nineteen claims were paid, aggregating $1672. At almost every annual session during this period the reports of the grand chief conductor and the grand secretary-treasurer showed that the department was losing ground. At the session of 1881, the secretary-treasurer reported the "very unsatisfactory condition of the department," and said: "A complete revision of its laws can no longer be postponed, if we keep it from going to pieces altogether."[10] In 1882 the insurance laws were amended, and an immediate improvement began in the condition of the department. In 1891 the insurance became compulsory. On April 1, 1891, there were 3950 members and the outstanding risks amounted to $9,875,000, while on April 1, 1893, there were 11,436 members, carrying insurance to the amount of $24,963,000. On January 1, 1891, only 27.21 per cent. of the Order carried insurance, as against 64.07 per cent. in May, 1895. During the financial and industrial

[7] Proceedings, 1868–1885 (Cedar Rapids, 1888), p. 19.
[8] *Ibid.*, p. 42.
[9] *Ibid.*, pp. 48–49.
[10] *Ibid.*, pp. 395, 435.

depression of 1893–1896 the Order maintained its prosperity; and on December 31, 1906, the reports showed 34,142 members in the insurance department, with outstanding insurance aggregating $64,997,000 and a grand total of $9,563,567 benefits paid since organization.

The Brotherhood of Locomotive Firemen was organized at Port Jervis, New York, on December 1, 1873, as a benevolent association. In 1885 it became a labor organization with a "protective policy."[11] During the first fifteen years of its history its growth was retarded by the great strike of 1877, by the opposition of the International Firemen's Union, by the difficulties with the Knights of Labor in 1885, and by the Chicago, Burlington and Quincy strike of 1888. These checks were only temporary, however, and by the close of 1893 the Firemen had 510 lodges with 28,681 members. During the next two years there was a heavy falling off to 484 lodges with 21,408 members. Since 1895 the growth has been rapid, and the present membership is about 55,000.[12]

At its first annual convention in 1874 the Brotherhood established an insurance feature, which after the first four years was made compulsory. The Firemen suffered a temporary check by the strike on the Chicago, Burlington and Quincy, but were assisted by a loan of $25,839.60 from the Engineers, and regained sufficient strength to withstand the financial and industrial depression of 1893–1896. In 1897 Grand Master Sargent said, "The condition of the beneficiary department excels by far any previous period in the history of the Brotherhood—so far as prompt payment of claims and the dispatch of business of the department."[13] The present membership of the insurance department is practically the same as that of the Brotherhood, 58,849. The total outstanding insurance amounts to $75,559,000, and since its organization the department has paid $9,971,615 in death and disability claims.

The Brotherhood of Railroad Trainmen was founded at

[11] Locomotive Firemen's Magazine, Vol. 14, p. 998.
[12] *Ibid.*, Vol. 14, p. 998.
[13] *Ibid.*, Vol. 13, p. 247; Vol. 24, p. 195.

Oneonta, New York, September 23, 1883, under the name "Brotherhood of Railroad Brakemen," which it retained until January 1, 1890, when, "because many of its members had been promoted in the service, the more appropriate name of Brotherhood of Railroad Trainmen was adopted." The membership consists of conductors, brakemen, train baggagemen, train flagmen, yard masters, yard foremen and switchmen. On August 31, 1893, the membership was 28,540, but on December 31, 1894, it had fallen to 22,359, and at the close of 1896 it had reached the low water-mark at 22,326. Since 1896 the increase has been rapid and on December 31, 1904, there were 721 lodges with 74,539 members.[14]

The Brotherhood of Railroad Brakemen provided in its first constitution for death and disability insurance. Up to the end of the fiscal year, August 31, 1893, the membership of the insurance department increased rapidly, but with the financial and industrial depression the membership decreased, so that in May, 1895, it showed a reduction from 28,000 to about 18,000. The membership of the beneficiary department at the close of the year 1904 was 71,146, or 95.43 per cent. of the membership of the Brotherhood, and the total amount of insurance paid from date of organization to January 1, 1906, amounted to $11,725,059.83.[15]

The Order of Railroad Telegraphers was instituted at Cedar Rapids, Iowa, June 9, 1886. To it is admitted "any white person of good moral character, eighteen years of age and employed on a railroad as a telegrapher, line repairer, leverman, or interlocker, including all employees connected with operation of signal towers and interlocking plants."[16] By April 30, 1893, the membership numbered 17,780. A rapid decrease reduced its strength to 10,114 on April 30, 1894, to 6684 on December 30, 1894, and finally to 4976 on

[14] Proceedings of the Seventh Biennial Convention, 1905 (Cleveland, n. d.), p. 121.
[15] Trainmen's Journal, Vol. 23, p. 100.
[16] Constitution, 1903 (St. Louis, n. d.), pp. 5, 7.

December 31, 1895. On August 1, 1904, the membership had increased to 37,700.[17]

Although the Order paid benefits almost from its organization, it was without an effective system of insurance until January 1, 1898, when the present system was established. The first constitution, 1886, provided that local divisions should exercise every honorable means to assist a member in need, and at the session in 1887 a voluntary insurance association was established under the name of "Mutual Life Insurance Association of North America." The insurance failed entirely to attract any considerable part of the membership, and up to July, 1890, the total amount paid was only $2430.05.[18] In 1896 the Grand Division appointed a committee to devise a plan for a system of insurance. The plan reported was submitted to referendum vote in December, 1897, and became operative on January 1, 1898.[19] From March 1, 1898, to June 15, 1899, applicants were received without an entrance fee, and during this period the success of the department was practically assured. The insurance is compulsory on all members. At present there are about 38,000 members carrying insurance, the mortuary fund has a balance of $120,000, and the total amount of insurance paid aggregates $142,000.

A local organization of switchmen was effected at Chicago on August 18, 1877, but a national union was not formed until February 22, 1886, when the Switchmen's Mutual Aid Association was inaugurated. At the first annual session in September, 1886, the grand master declared that the purposes of the organization were "to wage war against discrimination made by arbitrary employers; to organize for benevolent purposes; to amicably adjust labor disputes by arbitration; and for mutual aid to its members."[20] The Association was forced by the defalcations of its treasurer to disband, and a new organization, the Switchmen's Union, was formed. Since this reorganization in 1897 rapid growth

[17] The Railroad Telegrapher, Vol. 21, p. 292.
[18] *Ibid.*, Vol. 6, p. 310.
[19] *Ibid.*, Vol. 14, p. 880.
[20] Switchmen's Journal, Vol. 2, p. 247.

has been made under the management of conservative officers. On January 1, 1903, the Switchmen's Union had a membership of 14,000.

The first constitution provided for death and disability insurance. At the second session in September, 1887, the grand master reported $15,000 paid for death and disability claims during the year.[21] Until the disbanding of the Association in 1894 the insurance department was successful. In 1901 the Union without a dissenting vote adopted a compulsory system of insurance. During 1902 $6,151,200 of insurance was issued, during 1903, $2,906,600; while at the close of 1902 $4,779,600 of insurance was in force, and at the close of 1903 $6,679,200. The total amount paid in death and disability claims since reorganization has aggregated $207,335.75.

The present International Brotherhood of Maintenance-of-Way Employees has suffered many vicissitudes in its development. It was organized in the summer of 1887 as the Order of Railway Trackmen, and admitted into membership foremen in the maintenance-of-way department, road masters and bridge and building masters.[22] In October, 1891, this organization, with a membership of 600, united with the Brotherhood of Railway Section Foremen, an organization with 400 members. The new union took the name of Brotherhood of Railway Trackmen of North America. Prior to 1898 the Brotherhood was almost exclusively a fraternal insurance society, but in that year collective bargaining was added to its functions. In 1903 the organization became the Brotherhood of Maintenance-of-Way Employees. It admits to membership "persons employed in the track, bridge and building, water and fuel department, and signal and interlocking service." During the last five years the membership of the Order has shown considerable increase. In 1903 over 15,000 members were added, making a total of over 40,000 on January 1, 1904.

Originally the insurance was compulsory. At the con-

[21] Switchmen's Journal, Vol. 1, p. 244.
[22] Advance Advocate, Vol. 7, p. 106.

vention of October, 1893, it became optional and remained so until October, 1894, when it again became compulsory. Owing to opposition from members carrying old-line insurance and from the uncertainty in the number of assessments levied each year, the St. Louis convention of 1896 reverted to a system of optional insurance. Previous to the adoption of this plan the Order had paid death, total disability and partial disability claims to the amount of about $75,000. From January 1, 1897, to September 30, 1904, $74,909.66 was paid to beneficiaries, making a total paid since organization of about $150,000.

The National Association of Letter Carriers of the United States of America was organized at Milwaukee, Wisconsin, in 1889. In 1891 the Association was incorporated under the laws of the State of New Jersey, and on February 26, 1892, was reincorporated under the laws of the State of Tennessee. The aim of this organization is "to unite fraternally all the letter carriers in the United States so as (*a*) to secure their rights as Government employees and to promote the welfare of every member, and (*b*) to found the United States Letter Carriers' Mutual Benefit Association."[23] The first annual session appointed a committee to draw up a plan for an insurance system. The report was published in January, 1891, and was considered by the National Association at its second annual session in August, 1891,[24] and the Mutual Benefit Association was instituted.[25] The insurance has always been voluntary and consequently the membership of the Benefit Association has been only a small part of that of the National Association. On July 1, 1905, there were 5318 members carrying insurance to the amount of $13,866,000, while there were 19,000 members of the National Association.

All the railway organizations described above make a distinction between death and disability insurance, and sick and accident insurance. The local unions have been prohibited

[23] Constitution, 1904 (Washington, 1904), p. 3.
[24] The Postal Record, Vol. 4, pp. 8, 118, 119.
[25] *Ibid.*, Vol. 5, p. 528.

either specifically or by implication from maintaining any association or society for paying death and disability benefits. This rule was first established by the Conductors. During the early years of the Conductors' national organization, 1868–1880, many subordinate divisions maintained mutual benefit associations for the payment of death and disability insurance. The growth of the national benefit department was thus retarded, and at the tenth annual session in October, 1877, subordinate divisions were prohibited from maintaining "mutual benefit societies."[26] The national organizations, on the other hand, do not furnish accident insurance, but leave this function to the local bodies. In the formation of this policy, also, the Conductors took the initiative by providing in their first national constitution in December, 1868, that the order should never become a weekly benefit association.[27] The Engineers had a similar provision as early as September, 1869; but national regulations governing the payment of weekly benefits were nevertheless formulated. The other unions have followed this policy, and their constitutions provide that the weekly benefits shall be levied, collected, and distributed according to national rules.

The most striking characteristic of the insurance features of these organizations has been the combination of disability and death insurance. The fact that railway employees are specially exposed to the risks of disabling accidents has been the chief influence in this direction. The large number of claims paid for disability in the Conductors', the Firemen's, and the Trainmen's beneficiary departments during recent years shows the high importance of disability insurance to the men engaged in the more hazardous occupations. The disability claims paid among the Firemen for the eleven years from 1894 to 1904 were 24.5 per cent. of the total number of claims paid, or about one third of the number of death claims paid. Among the Conductors the disability

[26] Proceedings of the Order of Railway Conductors of America, 1868–1885 (Cedar Rapids, 1888), p. 207.
[27] *Ibid.*, p. 21.

claims, paid during the same period, amounted to one seventh of the death claims paid. The disability claims paid by the Trainmen during twenty years, 1884–1904, were 32.5 per cent. of all claims paid.

The proportion of disability to death claims has decreased in each of these organizations in recent years. The disability claims paid by the Conductors in 1894 were 15.6 per cent. of the total number, and at the close of 1904, 11.8 per cent.; while among the Firemen the percentages for the

DEATH AND DISABILITY CLAIMS.

Name of Organization.	Term.	Claims Paid.		Per Cent. of Disability Claims.	Disability Claims per 1000 of Total Membership.
		Death.	Disability.		
Conductors ...	1893–1894	265	49	15.6	3.8
	1895–1896	274	46	14.3	3.1
	1897–1898	363	63	14.8	3.6
	1899–1900	440	55	11.1	2.6
	1901–1902	523	81	13.4	3.2
	1903–1904	688	92	11.8	3
Firemen	1894–1896	295	145	32.9	6
	1896–1898	349	118	25.3	4.3
	1898–1900	488	174	26.3	4.7
	1900–1902	655	186	22.1	3.9
	1902–1904	857	234	21.4	4.3
Trainmen[28] ...	1886	75	37	33	4.6
	1887	77	42	35	4.8
	1888	145	59	28	5.2
	1889	152	69	31	5.1
	1890	175	116	40	8.6
	1891	264	123	32	6.6
	1892	270	145	34	6.1
	1893	372	201	35	7.1
	1894	304	138	31	6.1
	1895	212	147	41	7.8
	1896	254	159	38	7.2
	1897	240	160	40	6.3
	1898	358	165	31	5.8
	1899	403	211	34	5.7
	1900	498	205	29	4.9
	1901	507	231	31	5.1
	1902	570	249	30	4.7
	1903	788	305	27	4.6
	1904	849	374	31	5.2

[28] Proceedings of the Seventh Biennial Convention, 1905 (Cleveland, n. d.); Report of Secretary-Treasurer, p. 124.

biennial terms 1894–1896 and 1902–1904 were 32.9 per cent. and 21.4 per cent., respectively. The claim statistics of the Trainmen show the same tendency although there are great variations from year to year. In 1890, 1895 and 1897 the percentage of disability claims rose to 40, 41 and 40, respectively, while in 1888, 1900 and 1903 the percentage fell to 28, 29 and 27, respectively.

The decrease in the ratio of disability to death claims paid is due primarily to a stricter definition of disability and to better administration. The number of disability claims paid per 1000 of membership shows also, however, a slight decrease.

The records of the Trainmen which separate claims resulting from accidents still farther emphasize the need for disability insurance.

DEATH AND DISABILITY CLAIMS IN BROTHERHOOD OF TRAINMEN (1886–1904).

Kind of Claims.	Number from Natural Causes.	Number from Accidental Causes.	Percentage of Claims from Natural Causes.	Percentage of Claims from Accidental Causes.	Percentage of Claims from all Causes.
Disability.	526	2,610	16.77	83.23	32⅓
Death.	2,033	4,522	31.	69.	67⅔
Total.	2,559	7,332	26⅓	73⅔	100

The data show the place disability insurance has occupied among the Railway Trainmen during twenty years. For this period disability claims for all causes were 32⅓ per cent. of all claims paid. The percentage of claims from accidental causes—including both disability and death—was 73⅔ of the whole number of claims paid, while the percentage from natural causes was only 26½. In other words, these statistics show that the Trainmen's accidental disability and death claims, as compared with those due to natural causes, have averaged almost three claims paid as the result of accidental causes to one as the result of natural causes.[29]

[29] Proceedings of the Seventh Biennial Convention, 1905 (Cleveland, n. d.), pp. 65–66.

The old-line companies do not offer the form of disability insurance required by railway employees. These companies issue accident policies against death and total or partial disability from accident while on duty; but there are two defects in the form of this insurance. In the first place, the definition of total disability adopted by the companies is much stricter than that of the insurance departments of the railway brotherhoods. A typical insurance company's definition of total disability is incapacity for "prosecuting any and every kind of business pertaining to a regular occupation from the loss of both eyes, both hands, both feet, or one hand and one foot;" while partial disability is "the loss of one hand or one foot or any injury preventing the performance of one or more important daily duties pertaining to a regular occupation." In other words, to secure the indemnity for total disability, the insured must be disabled from performing any regular labor whatever. In the railway organizations total disability is so defined as to cover inability of the insured to continue in his position. Secondly, the disability insurance offered by the regular insurance companies is joined with accident insurance affording a weekly indemnity during the period of illness due to accident. The railway employee, if he insures against totally disabling accidents, must also insure against temporarily disabling accidents, since the companies do not separate the two forms of insurance. The inclusion of all accidents in one policy necessitates a heavy premium. For example, to secure accident insurance including, besides a weekly indemnity of $20, provision for the payment of $1000 in case of death or total disability resulting from accidents, an engineer must pay an annual premium of $50.40 or $56 according to the section of the country over which he runs, or the system by which he is employed. The combination of life with disability insurance meets the need of the ordinary railway employee better than any other combination.

The formative period of the two older organizations furnished opportunities for a study of the disability benefit and showed its usefulness in strengthening the national

unions. These organizations, however, experienced grave difficulties in their attempts to administer disability insurance. The Engineers included "totally disabled members" among the beneficiaries of the fund provided for in 1866.[30] The by-laws of the insurance association founded by the Brotherhood on December 3, 1867, provided for assessments of 50 cents per member for the benefit of each totally disabled member—one half the amount assessed in case of death.[31] The history of this benefit was tersely summed up by General Secretary-Treasurer Abbott in his address to the Engineers' Association, December 3, 1871: "The Baltimore convention, 1869, adopted a disability clause, the Nashville, Tenn., convention amended it, and the Toronto, Canada, convention, 1871, repealed it." At St. Louis, 1872, the Brotherhood formed a separate association, known as the "Total Disability Insurance Association," for furnishing insurance against disability to members. An entrance fee of $2 was required and the assessment was fixed at $1.[32] In 1876 the convention dissolved the Total Disability Insurance Association, and the Engineers did not succeed in establishing a satisfactory system of disability insurance until 1884, when the prosperous condition of the association enabled the convention to carry out its long-cherished plan and to make provision for the payment of the same benefit in case of total disability as at death.[33] In the call of the Conductors for a convention to effect a permanent organization issued in November, 1868, the purpose of the proposed Order was stated to be the protection of "the members and their families in case of sickness, accident or death."[34] The mutual insurance association instituted by the first convention paid a disability benefit equal to the death benefit. The law under which the association oper-

[30] Locomotive Engineers' Journal, Vol. 1, p. 9.
[31] Constitution, 1869, in Locomotive Engineers' Journal, Vol. 4, p. 31.
[32] Locomotive Engineers' Journal, Vol. 5, p. 11; Vol. 7, pp. 28, 60.
[33] *Ibid.*, Vol. 7, pp. 28–60; Vol. 11, p. 78; Constitution, 1884 (Cleveland, 1884).
[34] Proceedings of the Order of Railway Conductors of America, 1868–1885 (Cedar Rapids, 1888), p. 19.

ated was repealed at the second convention in October, 1869; but when the third convention in October, 1870, adopted a new insurance plan, provision was made that disability insurance should be paid in an amount equal to that paid in case of death. Not until 1881, however, did the Conductors satisfactorily solve the problem.

The difficulties experienced by the Engineers and the Conductors in establishing disability insurance, without doubt, served to deter the Firemen from adopting a similar system until their fifth convention in 1878. During the period 1868–1880 the disability benefit was in process of evolution. By 1880 the three older organizations had demonstrated the possibility of maintaining the benefit, and since that time it has been regarded as an essential element in railway insurance systems. Hence the Trainmen in 1883, the Telegraphers in 1887, and the Switchmen in 1886, in their first constitutions, and the Trackmen in 1893, made the disability insurance equal to that paid in case of death. All of the railway organizations, except the Telegraphers, follow this policy at the present time. The Telegraphers have not paid a disability benefit since 1897. They provide, however, that should a member become totally or permanently disabled the insurance committee may order his assessments paid and shall deduct the amount of these assessments when the benefit is finally paid.[35] The failure of the Telegraphers to pay a disability benefit is largely due to the fact that their occupation is less dangerous than other forms of railway service.

The Letter Carriers also have not the same urgent need for the payment of a disability benefit and until the Denver convention, 1902, paid insurance against death without direct provision for disability. At this convention, however, the National Association organized a Retirement Association for the payment of superannuation benefits to the aged and disabled members.[36] The Association had in view in

[35] Constitution, 1903 (St. Louis, n. d.), p. 106.
[36] The Postal Record, Vol. 15, pp. 235, 254–257.

founding this department the growing necessity of making some provision for the large number of carriers whom old age prevented from doing the regular amount of work.[37] Under the original plan, which went into effect January 1, 1903, the Association issued retirement certificates to members in the sums of $500, $400, $300 and $200 at monthly premiums of $6.70, $5.35, $4.00 and $2.70, respectively. On retirement, after having paid thirty annual premiums, or their equivalent, the beneficiary was entitled to receive annually the amount of his certificate. The retirement might also take place after thirty years' service, or after thirty years' membership in the Association, or after the age of sixty-five had been reached, provided ten annual premiums had been made.[38] This "ten annual premium" concession was for the special benefit of old men whose circumstances would not allow them to pay the sum of thirty years' premiums. The concession was allowed only for a period of ten years.[39]

The scheme also included provision for disability. After January 1, 1906, any member of the Retirement Association who became permanently incapacitated, mentally or physically, for any kind of remunerative labor before thirty years' service or before attaining the age of sixty-five years, was to receive annually from the retirement fund a certain per cent. of the face value of his retirement certificate. The amount was proportionate to the years of service. For five years' membership such a member received fifteen per cent.; for ten years', thirty per cent.; for fifteen years', forty-five per cent.; for twenty years', sixty per cent.; for twenty-five years', seventy-five per cent. Any member of not less than five years' standing might, after ninety days' notice to the chief clerk, withdraw from the Association; and in such event he became entitled to receive seventy-five per cent. of the annual premiums paid to the Association. Also in case of death within two years of his retirement and prior to the payment of not more than twenty-four monthly installments

[37] The Postal Record, Vol. 15, p. 301.
[38] *Ibid.*, Vol. 17, p. 6.
[39] *Ibid.*, Vol. 15, p. 302.

of pension, the Association agreed to pay to the widow, the children, or legal heirs the annuity provided in the deceased member's certificate until the amount paid should aggregate seventy-five per cent. of all premiums received by the Association.[40]

This plan was a failure. In it business principles had been sacrificed for fraternity. Relief had been provided for the old man particularly, but very few took advantage of the opportunity. The young men refused to enter because the favorable rates to old men placed a heavy burden upon the younger members.[41] The report of the chief clerk to the Syracuse convention, in 1903, showed that up to September 1, 1903, only eighteen retirement certificates had been issued, of which thirteen were for $500, two for $300, and three for $200. The average age at entrance was fifty-three and the average length of service, twenty-two years. The total receipts of the retirement fund were only $390.90.[42] On September 1, 1905, the total number of certificates issued had reached twenty-five, with only nineteen outstanding, while the retirement fund had increased to $2839.88.[43] The originators of the Retirement Association were forced to abandon their experimental fraternity scheme and to formulate a plan based more upon business principles. Consequently, at the Portland convention in September, 1905, Chairman Goodwin and Chief Clerk Wilson of the retirement committee proposed a new plan.[44]

Under the new law, which became operative January 1, 1906, the Retirement Association was authorized to offer insurance against disability and old age. The members are, therefore, divided into two classes, annuity members and disability members, but those duly qualified may hold both annuity and disability certificates. Any member of the National Association of Letter Carriers may become an "annuity member;" but only those under sixty-five years of

[40] The Postal Record, Vol. 17, p. 6.
[41] *Ibid.*, Vol. 19, p. 7.
[42] *Ibid.*, Vol. 16, p. 237.
[43] *Ibid.*, Vol. 18, p. 215.
[44] *Ibid.*, Vol. 18, pp. 214–215.

age and in good physical condition may become "disability members." A member retiring from the carriers' service ceases to be entitled to disability relief; on the other hand, however, retirement from the carrier service does not affect the right of a member to an annuity.[45]

The plan provides for annuities of one, two, three, four or five hundred dollars. The annuities can begin in five, or any multiple of five years after the policy is issued and the rate varies according to the deferment of the annuity. A member may withdraw at any time prior to reaching the annuity, and in that event all payments are to be returned, with interest. Members may receive loans to the amount of ninety-five per cent. of the sum accredited to them in the retirement fund, provided this aggregates two hundred dollars or over, and they surrender their certificates as collateral, so that members credited with one hundred dollars or more may receive a loan of fifty dollars as an emergency loan for three months during any one year.[46]

The following table shows the cost of the annuity per $100 for various ages according to the age at which the annuity begins:

MONTHLY COST OF $100 ANNUITY IN THE LETTER CARRIERS.[47]

Age at Entry.	Age at which Annuity Begins.								
	30	35	40	45	50	55	60	65	70
20	$13.47	$ 7.66	$ 4.83	$ 3.19	$ 2.16	$ 1.47	$ .99	$ .66	$ .45
30		28.31	11.97	6.63	4.05	2.59	1.68	1.08	.72
40			24.50	10.06	5.37	3.16	1.91	1.21	
50					19.83	7.79	3.98	2.27	
60							14.62	5.62	
65								12.46	

The new system differs in two important respects from the old. In the first place, the rates are graded according

[45] Constitution of Retirement Association, 1905, Art. 7; Postal Record, Vol. 19, pp. 2–6.
[46] The Postal Record, Vol. 19, p. 2.
[47] *Ibid.*, Vol. 17, p. 11.

to age, and secondly, the new system provides that a member may retire five years after entrance, or thereafter at any successive period of five years up to seventy, and that his premiums shall be fixed according to the time of retirement and the period of his expectancy.

The disability certificates provide for an indemnity of eight dollars per week for loss of time resulting from disability caused by accident or sickness, a maximum of twenty weeks' disability during any one year.[48] However, should a member, after entrance into the association, become disabled permanently by "tuberculosis, paralysis, locomotor ataxia, dropsy, cancer, diabetes, sciatica, chronic rheumatism, chronic kidney or mental disease, or any other chronic disease," not especially named in the constitution, that may, in the judgment of the board of directors, cause permanent drain upon the funds of the Association, the said member shall receive the disability allowance for twenty weeks, after which all payments shall cease and his certificate shall be cancelled.[49] The disability insurance is thus really sick insurance.

To aid members who are too old to take advantage of the plan offered for securing annuities by their own financial efforts, the Association, in convention at Portland, September, 1905, endorsed an "extended leave of absence retirement plan."[50] The Post Office Department of the United States was requested to grant an extended leave of absence to "superannuated or permanently impaired" carriers on condition that they accept 40 per cent. of their regular salary, while retired, and that they pay the remaining 60 per cent. to the senior substitute in their office. Under the conditions of this plan, the applicant for retirement must submit himself to the board of examiners, who shall, after a physical examination by the physician of the board, determine his eligibility. The results of this plan would be two-fold: first, to relieve the detrimental effect of superannuation

[48] The Postal Record, Vol. 17, p. 6.
[49] Constitution 1905, Art. 12, in The Postal Record, Vol. 19, pp. 2–6.
[50] The Postal Record, Vol. 18, pp. 220–222.

upon the efficiency of the service, and, secondly, to remove the fear of those who look for more drastic measures of relief. Aside from a regular pension grant by the Government this plan is considered the most efficient method of securing adequate protection for the superannuated who are too old to avail themselves of the opportunities offered under the system of annuities.[51]

The principal obstacle to the successful operation of disability insurance has been the difficulty experienced in its administration—largely on account of the impracticability of closely defining permanent or total disability. With almost every revision of the constitutions changes were made in the definition of the term "disability." Strict construction of the law by the executive officials led to dissatisfaction and often to appeals from their decisions to the insurance committees, or to the boards of trustees.[52] During the early years disability claims were often presented through subordinate officials, who were either unable to interpret the laws aright, or were unwilling to assume the responsibility of pronouncing the claims illegal. The Engineers, after a period of thirty-two years, in 1898 adopted a satisfactory definition of total disability: "Any member of this Association losing by amputation a hand at or above the wrist joint; a foot at or above the ankle joint; or sustaining the total and permanent loss of sight in one eye or both eyes, shall receive the full amount of his insurance."[53] Similar definitions of disability have been worked out by the other railway organizations. The Conductors add to this "total loss of the sense of hearing." The Switchmen include "the loss of four fingers of one hand, at or above the second joint." Disability, as defined by the Letter Carriers, means inability, because of sickness or accident, to perform the regular duties of a letter carrier.[54]

[51] The Postal Record, Vol. 19, p. 6.
[52] Proceedings of the Nineteenth Annual Session of the Order of Railway Conductors of America, 1887 (n. p., n. d.), p. 69.
[53] Constitution, 1899 (Cleveland, 1898), Art. 28.
[54] Constitution of the Letter Carriers of the United States, 1905, Art. 13, in The Postal Record, Vol. 19, No. 1, p. 3.

The most important development in the insurance systems of the railway unions has been the change in the amount paid from an uncertain to a fixed amount. This evolution is best illustrated in the history of the older organizations. In the period from 1868 to 1884 the amount paid was the sum collected by levying upon each member a certain assessment for each death or disability. The amount of the benefit therefore varied with the number of members. In the first stage, the Engineers paid one dollar per member upon each death and fifty cents in each case of disability, the Conductors paid one dollar per member upon each death or case of disability, while the Firemen paid fifty cents upon each death or case of disability.[55] The membership was small and the assessments were largely regarded as benevolent contributions. This phase is well illustrated by the early history of the benefit among the Conductors. The first benefit, paid in December, 1871, amounted to $48. During the first thirteen years of the department's activity 19 claims were paid. The last was $70, and the average amount paid was $88.[56] This system continued until 1881–1884, when a general revision of constitutions in these three brotherhoods limited the amount of insurance paid, and laid the foundation for issuing insurance certificates in fixed sums. In the second period, from 1883 to 1890, the number of assessments remained undetermined; but the amount of the benefit was limited to a fixed sum and all surpluses were placed in reserve. The Conductors and the Firemen took the initiative in this change and in the constitution of 1881 fixed the maximum amount for death or disability at $2000 and $1000, respectively; the Engineers, in the constitution of 1884, placed this maximum at $3000.

The Brotherhood of Railroad Trainmen, the Order of Railroad Telegraphers, the Switchmen's Union, and the

[55] Constitution of the Locomotive Engineers, 1869, in Journal, Vol. 4, p. 31; Proceedings of the Railway Conductors, 1868–1885 (Cedar Rapids, 1888), p. 119; Locomotive Firemen's Magazine, Vol. 21, p. 181.

[56] Proceedings of the Eighteenth Convention, 1885 (Cedar Rapids, 1888), p. 754; The Railway Conductor, Vol. 4, p. 188.

Maintenance-of-Way Employees did not pass through the first period of development, but were organized during the second stage when the amount of insurance was limited. The Trainmen, the Telegraphers, and the Switchmen, in their first constitutions of 1883, 1887 and 1886, respectively, and the Trackmen (Maintenance-of-Way Employees) in 1892 fixed the amount paid at the definite sums of $300, $1000, $500 and $1000, respectively.[57] The Letter Carriers, although organized after the railway unions had fixed at a definite sum the amount of insurance to be paid, for several years paid only a sum equivalent to one assessment, at the regular rates, upon all the certificates in force at the time of the death of the insured.[58] The amounts paid on the second death, March 22, 1892, and on the third death, July 28, 1893, were $599.16 and $596.12, respectively.[59] Finally, in the third period, from 1890 to the present, the number of assessments was also fixed.

Another important change in the method of conducting these insurance systems was made in the decade from 1890 to 1900. The organizations with two exceptions have not adopted the policy of the insurance companies in varying the charge with the age of the insured. The device they have commonly used is the differentiation in the amount of insurance which may be taken in such a way that the older members may insure themselves only for a smaller amount. As early as 1886 the Firemen provided that only members under forty-five years of age might take insurance,[60] and in 1887 the Telegraphers adopted an age limit of fifty years.[61] The Conductors, under the constitution of 1890, provided that any member between the ages of fifteen and fifty might take $2500 of insurance against death or disability, and any member between the ages of fifty and sixty might take

[57] Constitutions for the several years. Reference is made to the Trackmen's Constitution, 1893 (n. p. n. d.); Proceedings of the Second Annual Convention, 1893, in Advance Advocate, Vol. 2.
[58] The Postal Record, Vol. 5, p. 185.
[59] *Ibid.*, Vol. 5, p. 138.
[60] Constitution, 1886 (Terre Haute, n. d.), sec. 71.
[61] Constitution, 1887, Arts. 12–13, in the Railroad Telegrapher, Vol. 2.

$1000 against death and $500 against disability.[62] In 1892 the Engineers introduced an age limit of fifty, and in 1894 further differentiated applicants so that those under forty years of age might secure $4500, those under forty-five years of age might obtain $3000, and all over forty-five and under fifty years of age, $1500.[63] Even now the Switchmen and the Trainmen offer equal amounts to members of all ages at the same rate.

The Maintenance- of-Way Employees and the Letter Carriers not only limit the age of the insured but also grade the charge per $1000 according to age. In the case of the former, members from eighteen to thirty-five years of age pay $1 monthly per $1000 of insurance; those from thirty-five to forty, $1.25; from forty to fifty, $1.50. Insurance rates in the Letter Carriers' Mutual Benefit Department have, with the exception of the first year of operation, been graded according to age. The minimum and maximum age limits are twenty-one and fifty-five years. The monthly rates vary according to age from 77 cents per $1000 of insurance at twenty-one years to $2.06 at fifty years.

The following table shows the regulations as to the amount and rate of insurance issued according to ages:

Organization.	Age Classes.	Amount of Insurance Issued.
Engineers	Under 40 years.	$4500
	40 and under 45.	3000
	45 and under 50.	1500
Conductors	Under 35 years.	3000
	35 and under 45.	2000
	45 to 50.	1000
Firemen	Under 45 years.	3000
	45 and over.	1500
Trainmen	No age restriction.	1350
Telegraphers	18 and under 45.	1000
	45 and under 50.	500
	50 and under 60.	300
Switchmen	No age restriction.	1200
Maintenance-of-Way Employees	18 and under 45 at graded rates.	1000
Letter Carriers	21 to 55 at graded rates.	1000 to 3000

[62] Constitution, 1888, second edition (Rochester, 1890), p. 38.
[63] Constitution, 1894 (Peoria, 1895).

The necessity for a reduction in the amount of insurance issued to the older men was more urgent among the Engineers and the Conductors than among the other railway organizations, since the latter form the school of apprenticeship from which the engineers and the conductors are drawn. In the Trainmen's and the Switchmen's organizations the young men contribute materially to the cost of insuring the old men. This charge is not so heavy as might appear at first sight, since in both organizations many members withdraw when they are promoted to higher positions in the service. In grading the amount of insurance offered according to age, the brotherhoods have made a compromise between an assessment on each individual according to the liability incurred, and a system in which the welfare of the individual is regarded as entirely at one with the welfare of the membership. The principle of solidarity is still recognized, but under limitations.

Originally these unions collected assessments to meet death or disability claims after the occurrence of the death or disability. Considerable delay was thus entailed in the final settlement. All of them, with the exception of the Engineers, now hold reserve funds for the payment of claims. The Conductors took the initiative by providing in the constitution of 1881 that the grand secretary-treasurer, on paying a claim, should levy the regular assessment upon each member to be held in reserve to pay the next claim.[64] This was followed in 1885 by a regulation of the Trainmen which required all members to pay in advance one death assessment. This was repealed by the convention of 1886; but the convention of 1888 re-enacted the law. The Firemen provided in 1888[65] that the subordinate lodges should collect all dues quarterly in advance.

In determining the amount of insurance offered, the organizations have had necessarily to consider what their members can afford to pay. Only a certain per cent. of earnings can be set aside for insurance purposes, and that

[64] Constitution, 1903 (Pittsburg, 1903), pp. 80, 86.
[65] Constitution, 1888 (Terre Haute, 1888), secs. 50, 52, 53.

amount has been determined only by the long experience of the organizations. Again, the insurance must be in an amount which accords with the idea of the workmen of what constitutes a satisfactory provision against death or disability. The amount offered must for this reason be comparable with that offered by insurance companies.

The following table shows the minimum and the maximum amounts paid by the several brotherhoods:

Brotherhoods.	Minimum Amount.	Maximum Amount.
Brotherhood of Locomotive Engineers...	$1500	$4500
Order of Railway Conductors	1000	3000
Brotherhood of Locomotive Firemen....	1500	3000
Brotherhood of Railroad Trainmen	500	1350
Order of Railroad Telegraphers.....	300	1000
Switchmen's Union	600	1200
Maintenance-of-Way Employees	500	1000
Letter Carriers' Association[66]	1000	3000

Originally, except in the case of the Letter Carriers, the maximum amounts paid were much lower than at present. As the membership increased, a greater benefit was paid. In 1887 the Conductors' maximum insurance was $2500, and in 1888 the Firemen's, the Trainmen's, and the Switchmen's was raised to $1500, $1000 and $800, respectively. Each of the railway organizations has since raised the maximum; the Engineers to $4500 in 1892; the Conductors to $5000 in 1893, reduced since 1899 to $3000; the Firemen to $3000 in 1903; the Trainmen to $1350 in 1903; and the Switchmen to $1200 in 1901. While the Engineers, the Conductors, and the Firemen offer insurance in relatively large amounts, only a small per cent. of the membership take out certificates for the larger sums. On June 30, 1904, of the 54,434 Firemen, 43,228 carried $1500 certificates, while only 717 carried $2000 certificates, and 824, $3000 certifi-

[66] Under a unique system, known as the "Post Mortem Deduction" scheme, the actual value of a certificate of the Letter Carriers' Association at date of issue is fifteen per cent. less than its face value plus the amount of one assessment, and the value of the certificate does not become equal to its face value until the member has paid assessments equal to fifteen per cent. of the face amount (Constitution, 1904, pp. 67–68).

cates.[67] On November 1, 1904, of the 41,124 Engineers, 24,187 carried $1500, and 10,337 and 1602 carried $3000 and $4500, respectively.[68] In each of these organizations the $1500 certificates are thus in greatest demand. The rule restricting the amount that members over forty-five years of age may take lessens the number of policies for larger sums, but it is evident that the great majority of members in these unions do not care to insure for more than $1500. The Letter Carriers are an exception to this rule. The report of the Chief Collector for December 1, 1905, shows that out of 5284 insurance certificates in force there were 473 $1000 certificates, 386 $1500 certificates, 541 $2000 certificates, and 3884 $3000 certificates.[69]

The advantage of insurance as a means of securing identity of interest within the organization was not fully recognized in the early development of the insurance systems, consequently entrance into the insurance departments of these organizations was originally optional. The Brotherhood of Locomotive Firemen first adopted compulsory insurance at the fourth annual convention, 1878.[70] The Brotherhood of Railway Trainmen next adopted a similar feature in 1888. Although the Engineers and the Conductors did not enforce compulsory insurance until 1890 and 1891, respectively, during the twenty years preceding its adoption frequent proposals were made by subordinate divisions of both these organizations for the adoption of such an arrangement. On different occasions the national conventions considered the wisdom of such proposals, weighing in turn the advisability of such a measure and the ability of the organization to enforce it. The thorough discussion of the subject among the Engineers and the Conductors undoubtedly prepared the younger organizations for the settlement of this question at an earlier stage in their development. The Trainmen adopted compulsory insurance in 1888, while the two older organizations were in the midst of the strug-

[67] Report of W. S. Carter, Grand Secretary-Treasurer, June 30, 1904.
[68] Locomotive Engineers' Journal, Vol. 38, p. 966.
[69] Postal Record, Vol. 19, p. 10.
[70] Locomotive Firemen's Magazine, Vol. 21, p. 181.

gle. The Switchmen adopted it in 1892, and, after reorganization, again on October 1, 1901, and the Telegraphers on January 1, 1898. The Letter Carriers alone retain the system of optional insurance.

Only in the Switchmen's Union and in the Brotherhood of Maintenance-of-Way Employees has the operation of the compulsory system met with interruption. The compulsory rule of the Maintenance-of-Way Employees during the early nineties was frequently repealed and readopted. The opposition to it was due in a large measure to uncertainty as to the number of yearly assessments necessary and also to the fact that many of the members carried insurance in old-line companies.[71] The Switchmen's insurance department suffered a suspension from 1894 to 1897, and although the Union had compulsory insurance before its suspension, on reorganization a voluntary system was adopted, and not until October 1, 1901, did the Union succeed in reëstablishing a compulsory system.

In all the organizations there is a class of members, called non-beneficiary, who are not eligible to the insurance departments because of partial disability or because of having passed the age limit. The Brotherhood of Locomotive Firemen provides that the non-beneficiary member shall be entitled to all the privileges of the subordinate lodge, but shall not take part in the national convention or in any way participate in the benefits and privileges of the beneficiary department.[72] Similar rules are found in the other brotherhoods. The Trainmen and the Switchmen issue to non-beneficiary members insurance certificates only against death in the sums of $500 and $600, respectively.

The efficiency of compulsory insurance rules in securing and retaining members in the brotherhoods is generally acknowledged among the railway employees. After the member has carried insurance for several years, his financial interests are bound up with the interests of the organization, and his loyalty to the union is increased. From this loyalty

[71] Advance Advocate, Vol. 5, p. 485.
[72] Constitution, amended 1902 (Peoria, n. d.), sec. 163.

flows greater interest in every phase of the brotherhood's work. The operation of compulsory insurance appears to have caused an increase in the membership of the brotherhoods. On January 1, 1890, the date on which compulsory insurance became operative, the membership of the Brotherhood of Locomotive Engineers numbered 7408; on January 1, 1897, it had increased to 18,739; and in May, 1904, to 46,400.[73] On January 1, 1891, the date on which compulsory insurance was inaugurated, the membership of the Order of Railway Conductors numbered 3933; on January 1, 1898, it had increased to 15,807, and again on January 1, 1904, to 31,288. It is noteworthy that during the depression, 1893–1897, those organizations having systems of voluntary insurance suffered far more severely than those enforcing compulsory insurance. Thus, the Telegraphers were almost annihilated, while the Firemen and the Conductors practically maintained their position.

The cost of insurance per $1000 varies greatly in the different organizations, as may be seen by the following table:[74]

Organizations.	Fiscal Year Ending.	Cost of Insurance per $1000 a Year.
Engineers	December 31, 1903	$17.80
Conductors	December 31, 1903	16.00
Firemen	June 30, 1904	12.00
Trainmen	December 31, 1903	18.00
Telegraphers	December 31, 1903	7.20
Switchmen	December 31, 1903	20.00
Maintenance-of-Way Employees	December 31, 1903	12.00 15.00 18.00 } according to age
Letter Carriers	December 31, 1906	9.24 21.96 } according to age

The differences in the cost of insurance are the result of several factors. The slight degree of risk in the occupation is largely responsible for the relative cheapness of the

[73] Locomotive Engineers' Journal, Vol. 37, p. 446; Vol. 18, p. 654.

[74] These amounts have been furnished by the grand secretary-treasurers of the several organizations, except those of the Telegraphers and the Maintenance-of-Way Employees, which have been taken from the 1903 constitutions and represent the amount of the regular monthly assessment.

Telegraphers' and the Letter Carriers' insurance. More important differences are due to the age grouping of the membership. Thus the Firemen, whom old-line companies, for the most part, classify as extra-hazardous, furnish insurance against death and disability at $12 per $1000. The principal reason for this low rate is the rapid change in membership, the old men withdrawing and being replaced by young men. Near the close of the nineties the cry of "Something must be done to keep the old members in the Brotherhood of Locomotive Firemen" was raised; but it was clearly shown that "the greatest favor a member of the Brotherhood could show the insurance department was to pay his assessment for ten years and then withdraw, permitting a man ten years his junior to take his place." The grand secretary-treasurer states that the membership practically changes every seven years, due to promotions to the position of engineer and to withdrawals of older men for various reasons. The withdrawal of old men conduces to a more favorable age grouping, to a decrease in the death rate, and to a consequent decrease in the cost of insurance. The Switchmen's Union presents an interesting contrast. The Union prescribes no age limit, and higher positions in the service are not so frequently open to the advancement of its members. The result is that the number of older members is relatively greater, and insurance is maintained at a considerably higher cost.

The cheapness of the insurance offered by these organizations is better appreciated when compared with that offered by old-line companies. The following table shows the cost of insurance per $1000 in a typical life insurance company for different classes of railway employees and letter carriers at thirty-five years of age:

Class of Employees.	Rate per $1000.[75]
Engineers	$27.23
Conductors	22.23
Firemen	27.23

[75] The letter carriers' rate is that of the New England Mutual Life Insurance Company, the rates of the other classes of employees are those of the Aetna Life Insurance Company.

Trainmen	27.23
Telegraphers	22.23
Switchmen	27.23
Maintenance-of-Way Employees	27.23
Letter Carriers	27.30

Assuming that the average age at admission of the members of unions is thirty-five, the cost of insurance in the regular companies is far higher than the cost for an equal amount in the unions. The conductors pay their union twenty-five per cent. less than they would have to pay to an insurance company and the locomotive firemen pay considerably less than one half of company rates. These rates, moreover, are for insurance against death only, while the insurance offered by the brotherhoods also provides against total disability.

The compulsory insurance has not been in operation long enough in any of the organizations for its full effect to be seen. It is certain that as the unions grow older they must materially raise the rates at which they issue insurance. The rapid growth in membership has brought into all the unions in this class in recent years a proportionately large number of young men. The limitation on the age of the insured has contributed to this result. As these members grow older, the death rate will increase. As has been noted above, however, it has not been primarily the cheapness of the insurance but the combination of death and disability insurance which has been the advantage possessed by the union systems.

The primary purpose of the insurance features of these organizations is to obtain for the members and their families a higher degree of economic security. The two great economic contingencies against which the railway organizations provide insurance are, first, the loss to a family in consequence of the death of the income-earning member, and second, the economic hardship involved in shifting from one industry to another made necessary by certain severe physical accidents. Insurance paid to the totally disabled employee, or to the family of a deceased member, is frequently

the means of maintaining the standard of living of the unfortunate family. The risks to which the railway employee is exposed are due to the nature of the trade, the negligence of a fellow workman, or the negligence of the employers. Compensation for only the last class is given by the law. Against the other two kinds of accident the railway employee must himself make provision, and this provision is amplest and surest when made by insurance. The organizations, as we have seen, have never entirely subordinated the idea of benevolence to the principles of business. In the early years of its history, each grand convention set aside large sums for charitable payments. Before the adoption and satisfactory operation of the Engineers' insurance system, it is estimated that eight tenths of the husbands and fathers of those who applied for charity were uninsured.[76] Purely charitable relief was found inadequate and the present systems represent a compromise between charity and business.

The insurance features have further been the means of securing and retaining members and thus building up these trade organizations as factors in collective bargaining. The power of the brotherhoods to secure satisfactory agreements with their employers is largely measured by the strength of the organizations, and that strength is usually in direct proportion to the development of their insurance systems. Thus not only is insurance a prime support in the collective bargaining of the unions, but it insures control in the exercise of that function. The infrequency of railroad strikes may be attributed largely to the almost perfect control of the head officials of the brotherhoods over their membership.

[76] Locomotive Engineers' Journal, Vol. 22, p. 33.

CHAPTER II.

Death Benefits.

The most needed trade-union benefits are those against death and these were the first to be established. At the present time about one half of American national trade unions maintain death benefit systems. In 1904, out of a total of one hundred and seventeen national unions affiliated with the American Federation of Labor, fifty-three were paying death benefits.[1] Of those unions not affiliated with the American Federation of Labor, ten were also paying such benefits.

The development of death benefits in American trade unions resembles closely the growth of the insurance systems described in the preceding chapter. The first unions to adopt death benefits, for example, paid for a time a sum fluctuating in amount. The benefit was in each case the sum raised by per capita assessments, and the yield varied according to the membership. Thus, the Iron Molders paid a fluctuating benefit from 1870 to 1879.[2] Upon the death of a member, an assessment of forty cents and later of forty-five per capita was levied. At Detroit in 1873 the Cigar Makers inaugurated an endowment plan which provided for the payment of a death benefit, the amount of which was to be the sum raised by an assessment of ten cents on each member. Similarly, the Glass Bottle Blowers, introducing the benefit as late as 1891, made provision for paying the amount secured by an assessment of twenty-five cents per capita.[3]

[1] Proceedings of the Twenty-fourth Annual Convention of the American Federation of Labor, 1904, p. 46.

[2] Iron Molders' Journal, Vol. 25, June, 1889; Constitution, 1878 (Cincinnati, 1878), Art. 17.

[3] Proceedings of the Twenty-fifth Annual Convention, Milwaukee, 1901; Report of Secretary Launer (Milwaukee, 1901).

When the fluctuating benefits were inaugurated the unions were without experience in the exercise of beneficiary functions. They could not calculate with any exactness the amount of the assessment necessary to provide benefits in fixed sum. They preferred, therefore, not to guarantee the payment of any amount. The character of the first death benefit in the Granite Cutters' Union illustrates the reluctance of the Union in assuming the responsibility of guaranteeing fixed benefits. In 1877 they adopted a benefit of fifty dollars, but also provided for an additional voluntary benefit to be raised by an assessment of fifty cents. After a few years the entire system was replaced by provision for the payment of a fixed funeral benefit.

The fluctuating benefit was very unsatisfactory, inasmuch as the insured member could not be certain as to what amount he would receive, and this uncertainty was aggravated by the voluntary character of the association. Even where participation was compulsory the fluctuations in the number of members were much greater than at present.

As soon as the unions became sufficiently strong, financially and numerically, and had acquired experience in the management of the benefit, they, with few exceptions, guaranteed to their members a benefit of fixed amount. A fixed payment of one hundred dollars was guaranteed by the Iron Molders in 1879 on the death of a member, and in 1882 the voluntary organization known as the Beneficial Association, which had maintained the system of special assessments, was disbanded.[4] The advantage of paying a benefit of fixed amount, as demonstrated by the experience of Local Union No. 87 of Brooklyn, led to the adoption of this system by the Cigar Makers' International Union, in September, 1880.[5]

The majority of American trade unions have inaugurated their death benefits since 1880,[6] and hence have escaped the experimental period of benefits based upon the fluctuating

[4] Constitution, 1878 (Cincinnati, 1878); Iron Molders' Journal, Vol. 26, May, 1890, p. 2.
[5] Constitution, 1880 (New York, 1880), Art. 13.
[6] See page 12.

principle. Learning from the experience of the older unions, they have in most cases paid from the beginning death benefits of fixed amount. The benefit is a definite sum in all the unions except the Watch Case Engravers' Association and the Saw Smiths' Union, which in their constitutions of 1901 and 1902 respectively provide for the payment of a benefit upon a fluctuating basis.[7] This must be attributed to the fact that the unions are not sufficiently strong to guarantee the payment of a definite amount.

Under the fluctuating system the sum paid was often larger than the amount at which the benefit was later fixed. When, in 1880, the Cigar Makers adopted a death benefit of twenty-five dollars, their membership had increased to 4400, making possible, by a per capita assessment of ten cents, the payment of four hundred and forty-four dollars upon the death of each member. The assessment of twenty-five cents levied by the Glass Bottle Blowers for each death benefit upon a membership of 2423 in 1891 yielded a greater sum than the definite amount adopted one year later. The amount paid under the fluctuating system in the Iron Molders was also larger than the fixed amount later guaranteed by the International Union.

In another respect the early death benefits and insurance systems were alike. Participation in the more important and successful death systems was voluntary. Membership in the Iron Molders' Beneficial Association, created to pay death benefits, was, for example, entirely optional.[8] The first constitution of the Granite Cutters provided for an additional voluntary benefit.[9] In both of the above named unions the voluntary idea was short-lived. In January, 1879, the Iron Molders provided for the payment of a death benefit for all members of the craft.[10] By 1884 the Granite

[7] Constitution of the Watch Case Engravers' International Association of America, 1901 (New York, n. d.), p. 21; Constitution of the Saw Smiths' Union of North America, 1902 (Indianapolis, n. d.), p. 8.

[8] Iron Molders' Journal, March, 1871.

[9] Constitution, 1877 (Rockland, 1877), Arts. 1–2.

[10] Iron Molders' Journal, Vol. 26, May, 1890, p. 2.

Cutters had abolished the voluntary death benefit and paid it to all members.[11]

Thus, both the death benefit and the insurance systems in American trade unions had their origin in the movement for mutual insurance which was so widespread in the United States immediately after the Civil War. Only in the railway brotherhoods did the plan result in any considerable increase in membership. In the other unions the insurance systems were replaced by the establishment of benefits, and these were usually smaller in amount than the insurance systems had contemplated.[12]

The tendency in those unions which have longest maintained the death benefit has been to increase the amount of the benefit and to grade the amount according to the length of membership. The policy of the unions in these respects has, however, varied considerably. In some cases there has been an increase in the minimum amount paid, together with provision for the payment of larger sums to members who have been longer in good standing. In other unions, such as the Iron Molders and the Pattern Makers, the regular benefit remains as originally established, but a larger sum is paid to older members. Only a few of the older organizations retain the uniform benefit. The most notable of these are the Typographical Union, the Glass Bottle Blowers, and the Hatters.

The grading of the death benefit serves two purposes. In the first place, the funds are protected. If the benefit were uniform and large, persons in bad health would be tempted to join the union in order to secure protection for their families. The grading of the benefit is accordingly a crude but fairly effective device against a danger which presents itself as soon as the amount becomes large enough to be attractive to "bad risks." A more important reason, perhaps, for the grading of the benefit is the desire to make

[11] Constitution, 1884 (Quincy, n. d.), p. 11 ff.

[12] The death benefits established by the Cigar Makers and Iron Molders in 1870 and 1879 were for $40 and $100. The ordinary death benefit in American trade unions is still a sum assumed to be sufficient to inter decently the deceased.

it a more effective agency in attracting and holding members. If continuous membership carries with it constantly increasing insurance, the lapses in membership lessen.

The maximum death benefits paid by the Cigar Makers and the Glass Bottle Blowers are $550 and $500, respectively. The Iron Molders pay a maximum benefit of $200; the Carpenters of $200; the Pattern Makers of $400; the Germania Typographia of $200. In all these cases except that of the Glass Bottle Blowers the benefit is graded according to the period of membership. The maximum benefit is paid in the Cigar Makers and in the Pattern Makers to members of fifteen years' standing.

Only a few unions have decreased the amount of the benefit from that first established. Among these are the Brotherhood of Carpenters, the Brotherhood of Leather Workers on Horse Goods, the Tailors' Union, and the Metal Polishers' Union. In the case of the Carpenters the death benefit which was originally established at $250 in 1882 was $100 in 1905. Changes of this kind have naturally followed the too liberal policy of inexperienced unions.

The following table, giving the amount of the death benefit as originally established and as paid at present in certain of the more important unions which have adopted the graded death benefit, illustrates the variety of forms which the systems take:

AMOUNT OF DEATH BENEFIT.

Name of Union.	Date of Organization.	Date of Introducing Death Benefits.	Amount of Death Benefit Paid Originally.	Amount of Death Benefit Paid in 1905.
Boot and Shoe Workers.	1895	1898	$50 for six months' membership. $100 for two years' membership.	$50 for six months' membership. $100 for two years' membership.
Carpenters, Brotherhood of.	1881	1882	$250 for six months' membership.	$100 for six months' membership. $200 for one year's membership.

AMOUNT OF DEATH BENEFIT.—*Continued.*

Name of Union.	Date of Organization.	Date of Introducing Death Benefits.	Amount of Death Benefit Paid Originally.	Amount of Death Benefit Paid in 1905.
Cigar Makers.	1864	1867	Yield of a 10 cent per capita assessment.	$50 for two years' membership. $200 for five years' membership. $350 for ten years' membership. $550 for fifteen years' membership.
Granite Cutters.	1877	1877	$50	$50. $75 for six months' membership. $100 for one year's membership. $150 for five years' membership. $200 for ten years' membership.
Iron Molders.	1859	1870	Yield of a 40 cent per capita assessment.	$100 for one year's membership. $150 for five years' membership. $175 for ten years' membership. $200 for fifteen years' membership.
Leather Workers on Horse Goods.	1896	1896	$40 for one year's membership. $60 for two years' membership. $100 for four years' membership. $200 for five years' membership. $300 for eight years' membership.	$40 for one year's membership. $75 for three years' membership. $100 for four years' membership.
Metal Polishers.	1890	1890	$100 for six months' membership.	$50 for one year's membership. $100 for two years' membership.
Machinists...	1889	1893	$50 for six months' membership.	$50 for six months' membership. $75 for one year's membership. $100 for two years' membership. $150 for three years' membership. $200 for four years' membership.

AMOUNT OF DEATH BENEFIT.—*Continued.*

Name of Union.	Date of organization.	Date of Introducing Death Benefits.	Amount of Death Benefit Paid Originally.	Amount of Death Benefit Paid in 1905.
Painters.....	1887	1887	$100.....	$50 for one year's membership. $100 for two years' membership. $150 for three years' membership. $200 for four years' membership.
Pattern Makers.	1887	1898	$50	$50 for one year's membership. $75 for two years' membership. $100 for three years' membership. $150 for five years' membership. $200 for seven years' membership. $250 for nine years' membership. $300 for eleven years' membership. $350 for thirteen years' membership. $400 for fifteen years' membership.
Piano and Organ Workers.	1898	1898	$50 for six months' membership.	$50 for one year's membership. $100 for five years' membership. $200 for ten years' membership.
Tailors.....	1884	1890	$75 for three months' membership. $100 for one year's membership.	$25 for six months' membership. $40 for one year's membership. $50 for two years' membership. $75 for three years' membership. $100 for four years' membership.

A few of the unions require only that the deceased member shall have been in good standing. These unions ordinarily pay a small benefit, although the Glass Bottle Blowers

pay five hundred dollars without requiring a preliminary period of membership. The term of necessary membership varies from thirty days in the case of the Barbers to two years in the Cigar Makers. The usual requirement is that the member shall have been in good standing for six months.

A few of the unions restrict the benefit to members under a certain age at the time of admission. Where such an age limit is imposed it is ordinarily fifty years, but in a few unions it is sixty years.

The following table shows the conditions imposed upon the payment of the death benefit in the more important unions:

Name of Organization.	Age Limit.	Preliminary Term of Good Standing Required
Bakers	50 years	3 months
Barbers	50 years	30 days
Boot and Shoe Workers		6 months
Glass Bottle Blowers		None
Carpenters	50 years	6 months
Cigar Makers	50 years	2 years
Granite Cutters		6 months
Iron Molders		12 months
Iron, Steel and Tin Workers		3 months
Leather Workers on Horse Goods		1 year
Lithographers		30 days
Machinists		6 months
Metal Polishers		1 year
Metal Workers		12 months
Painters	50 years	1 year
Pattern Makers	50 years	52 weeks
Piano and Organ Workers		1 year
Plumbers		6 months
Stone Cutters		6 months
Tailors		6 months
Tobacco Workers	60 years	1 year
Typographical Union		None
Weavers, Elastic Goring		6 months
Wood Workers	60 years	6 months

Only a few unions make good physical condition a requisite for admission to the death benefit. In a small number provision is made that if death result from disease incurred

prior to admission the union shall not pay the benefit. In the majority of the unions every member admitted to the union is covered by the death benefit. Some of the unions, such as the Brotherhood of Carpenters, the Boot and Shoe Workers' Union, the Brotherhood of Painters, and the Pattern Makers' League, provide a smaller benefit for those not eligible at time of initiation. In the Brotherhood of Carpenters any apprentice under twenty-one years of age, or any candidate for membership over fifty years of age, in ill health and not qualified for full benefit when admitted to the union, is limited to a funeral allowance of fifty dollars.[13] The Boot and Shoe Workers' Union provides that members of sixty years of age, or those afflicted with chronic diseases at time of initiation, shall be eligible to half benefit only.[14] In the Brotherhood of Painters members of sound health and over fifty years of age when admitted are eligible to a semi-beneficial benefit of fifty dollars and to a funeral benefit of twenty-five dollars in case of death of wife.[15]

The requirement of a preliminary period of membership serves to protect the union against the entrance of persons who wish to join because they are in ill health and are anxious to secure insurance which they could not otherwise get. None of the unions provide, however, for any deliberate selection of risks, and the mortality is higher than it would be if the applicants were examined.

The death benefit is thus regarded by the unions not as a pure matter of business. It is paid partly on charitable grounds, and the small increase in the cost of the benefit occasioned by the lack of strict physical requirements is regarded as more than compensated by the increase in the solidarity of the organization thus attained.

In several important unions the death benefit has been made the basis for a disability benefit. Thus a member receiving the disability benefit loses his right to the death benefit. So closely are the two benefits associated in these

[13] Constitution, 1903 (Indianapolis, n. d.), secs. 65 and 98.
[14] Constitution, 1904 (Boston, n. d.), sec. 68.
[15] Constitution, 1904 (La Fayette, n. d.), sec. 133.

organizations that they are practically a single benefit. This combination of death and disability benefits is found chiefly in those trades in which the workmen are exposed to great danger of being disabled by accident.[16] The principal unions maintaining the disability benefit are the Iron Molders, the Brotherhood of Carpenters and Joiners, the Cigar Makers, the Painters, the Wood Workers, the Metal Workers, the Glass Workers, and the Boot and Shoe Workers.[17]

Nearly all the unions thus combining death and disability benefits grade the disability benefit. They usually also differentiate the two benefits either in the amount paid or in the period of membership required for eligibility to the benefit. The Iron Molders, the Cigar Makers and the Painters pay the same sums in case of disability as of death.[18] The other unions, with one exception, provide for a greater maximum benefit in case of disability. The period of good standing required to draw a particular sum is usually greater in the case of the disability benefit than in the case of the death benefit. The provisions of the Brotherhood of Carpenters are fairly typical.[19] After six months' good standing members become eligible to a death

[16] Those unions that pay a death benefit and make no provision for total or permanent disability are: Bakers' and Confectioners' Union, Barbers' International Union, Cigar Makers, Elastic Goring Weavers' Association, United Garment Workers, Glass Bottle Blowers' Association, Granite Cutters' Association, United Hatters, Hotel and Restaurant Employees, Iron, Steel and Tin Workers' Association, Jewelry Workers' Union, Brotherhood of Leather Workers on Horse Goods, Lithographers' Association, Metal Polishers' Union, Pattern Makers' League, Piano and Organ Workers' Union, Plumbers' Association, Printing Pressmen's Union, Retail Clerks' Association, Saw Smiths' Union, Stone Cutters' Association, Stove Mounters' Union, Street Railway Employees' Association, Tailors' Union, Tobacco Workers' Union, Typographical Union, Deutsch-Amerikanischen Typographia, Watch Case Engravers' Association, Wood, Wire and Metal Lathers' Union.

[17] Originally, the Granite Cutters paid a disability benefit of five hundred dollars. By 1878 the amount of the disability benefit had been made variable, being raised by an assessment of fifty cents on each member of the Union. About 1884 the disability benefit was abandoned.

[18] The Cigar Makers retain fifty dollars until the death of the member.

[19] The Carpenter, Vol. 2, No. 8, p. 5; Vol. 4, August, 1884.

benefit of one hundred dollars, but they are not eligible to a disability benefit until they have been in membership twelve months. The maximum death benefit is two hundred dollars, while the maximum disability benefit is four hundred dollars. The maximum death benefit is paid on the death of members in good standing for one year, while to be eligible to the maximum disability benefit requires a membership of five years.[20]

The following table shows the amounts of the death and disability benefits in the more important unions, as originally established and as paid in 1905:

AMOUNT OF DEATH AND DISABILITY BENEFIT.

Name of Union.	Amount Paid Originally.		Amount Paid in 1905.	
	Death.	Disability.	Death.	Disability.
Iron Molders.	Yield of a 40c. per capita assessment.	Yield of a 40c. per capita assessment.	$100 for 1 yr. 150 " 5 yrs. 175 " 10 " 200 " 15 "	$100 for 1 yr. 150 " 5 yrs. 175 " 10 " 200 " 15 "
Carpenters, Brotherhood of.	$250 for 6 mo.	$100 for 6 mo.	$100 for 6 mo. 200 " 1 yr.	$100 for 1 yr. 200 " 2 yrs. 300 " 3 " 400 " 5 "
Painters.....	$50 for 6 mo. 100 " 1 yr.	$50 for 6 mo. 100 " 1 yr.	$100 for 1 yr. 150 " 2 yrs.	$100 for 1 yr. 150 " 2 yrs.
Wood Workers.	$60 for 1 yr.	$100 for 1 yr.	$50 for 6 mo. 75 " 18 " 100 " 3 yrs.	$150 for 1 yr. 200 " 2 yrs. 250 " 3 "
Metal Workers.	$75 for 1 yr.	$500 for 5 yrs.	$75 for 1 yr.	$500 for 5 yrs.
Glass Workers.	$50 for 6 mo. 100 " 1 yr.	$150 for 1 yr.	$150 for 1 yr. 175 " 2 yrs.	$75 for 1 yr. 100 " 2 yrs.
Boot and Shoe Workers.	$50 for 6 mo. 100 " 2 yrs.		$50 for 6 mo. 100 " 2 yrs.	$100 for 2 yrs.

The ratio of disability benefits paid to death benefits paid varies in the different unions according to the definition of disability adopted. The Iron Molders' Union, which took the initiative in adopting a national disability benefit, under-

[20] Constitution of the United Brotherhood of Carpenters and Joiners of America, 1888 (n. p., n. d.), p. 10; Constitution, 1905 (Milwaukee, n. d.), p. 18.

took to pay benefits to all disabled members, with two exceptions. First, the disability must not have been caused by dissipation, and secondly, the member must not have been disabled before joining the Association.[21] The Granite Cutters' Union, however, when establishing their voluntary insurance association in 1877, limited the benefit to members disabled for life by any real accident suffered while following employment as a granite cutter.[22] The two benefits were unlike in that the Iron Molders paid the benefit no matter how the disability had been incurred, while the Granite Cutters paid only when the disability resulted from a trade accident.

Some of the unions now paying the disability benefit, as for example the Boot and Shoe Workers, have followed the policy of the Iron Molders in paying the benefit in all cases of disability; while others, for example the Brotherhood of Carpenters, pay only where the disability is incurred "while working at the trade." Under this system, in the case of the Iron Molders, the claims for disability were so numerous that in 1882 the term "permanent disability" was defined to mean "total blindness, the loss of an arm or leg, or both," and since 1890 also paralysis.[23] Similarly in 1880 the Granite Cutters defined more exactly what constituted total disability.[24]

The younger unions have usually adopted the later revised definition of the term "permanent or total disability," with such modifications as are made necessary by the peculiar nature of the trade. The system of the Brotherhood of Carpenters and Joiners, adopted in 1886, and still in force, defines permanent disability as "total blindness, the loss of an arm or leg, or both, the total disability of a limb, the loss of four fingers on one hand, or being afflicted with any

[21] Constitution of the Iron Molders' Union of North America, 1878 (Cincinnati, 1878), p. 51.
[22] Constitution of the Granite Cutters' International Association of America, 1877 (Rockland, 1877), p. 27.
[23] Constitution, 1882 (Cincinnati, 1882), Art. 17; Iron Molders' Journal, Vol. 16, June and August, 1880; Constitution, 1890 (Cincinnati, 1890); Constitution, 1902 (Cincinnati, 1902), p. 40.
[24] Constitution, 1880 (Maplewood, 1880), p. 18.

physical disability resulting from sudden accident."[25] The Amalgamated Glass Workers as late as 1900 had made no attempt to give definite limits to the term "total disability," but in 1903 they adopted the definition of the Carpenters and extended it to include disability resulting from paralysis.[26] The Amalgamated Wood Workers, however, still provide simply that to receive the benefit members shall be disabled from following the trade.[27]

The definitions adopted by the unions are intended as guides for and restrictions upon the administrative officials, but in all cases the latter are given considerable latitude. The cost of the benefit, therefore, depends largely upon the strictness with which the officials construe the rules. In those unions where the injuries entitling to a benefit are not specifically defined, the officers have great discretionary power. Indeed, even if they have the best intention, it is in many trades often impossible to obtain positive evidence as to the totality or permanency of the disability. For example, the Brotherhood of Painters find it almost impossible to pass intelligently upon claims for disability resulting from lead poisoning.

The table on page 63 shows the sums paid for death and disability claims in certain unions for which statistics are procurable.

The addition of a disability benefit to the death benefit as appears from the table does not add greatly to the cost of maintaining the benefit. In general, the amount paid for disability ranges from five to ten per cent. of the total paid for both benefits. The cost of the benefits is somewhat increased also by the loss of dues from the time of the disability to the death of the insured.

An increasing number of unions pay a wife's death benefit as well as the regular death benefit. This form is of com-

[25] Constitution, 1886 (n. p., n. d.), p. 11; Constitution, 1905 (Milwaukee, n. d.), p. 19.

[26] Constitution, 1900 (Chicago, n. d.), p. 23; Constitution, 1903, p. 11.

[27] Constitution of the Amalgamated Wood-Workers' International Union of America, 1905 (Chicago, n. d.), p. 42.

SUMS PAID FOR DEATH AND DISABILITY BENEFITS.

Union.	Year.	Sum of Benefits Paid.		Percentage of Benefits Paid.	
		Death.	Disability.	Death.	Disability
Brotherhood of Carpenters ...	1894–1896	$ 58,527.10	$10,500.00	85	15
	1896–1898	59,108.44	11,100.00	85	15
	1900–1902	159,249.98	7,900.00	95.3	4.7
	1902–1904	243,218.25	16,700.00	93.6	6.4
	1904–1906	306,295.44	28,250.00	91.6	8.4
Painters	1889–1890	2,894.00	250.00	92.1	7.9
	1890–1892	6,900.00	750.00	90.2	9.8
	1892–1894	10,548.00	1,475.00	87.8	12.2
	1898–1899	7,150.00	600.00	92.2	7.8
	1902–1903	30,307.00	3,050.00	90.9	9.1
	1903–1904	37,711.25	1,850.00	95.4	4.6
	1904–1905	43,855.50	4,250.00	91.2	8.8
Wood Workers ..	1900	2,850.00	250.00	92	8
	1901	4,200.00	250.00	94.4	5.6
	1903	5,775.00	500.00	90.6	9.4
	1904	7,574.00	750.00	91.1	8.9
Iron Molders....	1890–1895	56,172.00	2,400.00	96	4
	1895–1899	36,899.00	3,600.00	91.2	8.8
	1899–1902	67,414.38	2,600.00	96.3	3.7
	1902–1907	259,554.86	19,600.00	93	7

paratively recent adoption and its success has not yet been thoroughly demonstrated. Nine American unions were reported to be paying this benefit in September, 1903, and eleven in September, 1904.[28] The following is a list of the unions reported as paying the benefit in 1904: Bakers and Confectioners, Brotherhood of Carpenters and Joiners, Cigar Makers, Compressed Air Workers, Lace Curtain Operatives, Freight Handlers, Painters, Paving Cutters, Photo-Engravers, Cotton Mule Spinners, Tailors.

The Deutsch-Amerikanischen Typographia took the initiative in the adoption of this benefit at the New York Convention in May, 1884,[29] and was immediately followed in the

[28] Proceedings of the Twenty-third Convention, American Federation of Labor, 1903 (Washington, 1903), p. 41; Proceedings of the Twenty-fourth Convention, American Federation of Labor, 1904 (Washington, 1904), p. 46.

[29] American Federationist, Vol. 2, No. 4, p. 61.

same year by the Brotherhood of Carpenters and Joiners[30] and in 1887 by the Painters[31] and the Cigar Makers.[32] For the year ending September 30, 1904, the Carpenters, the Painters, and the Cigar Makers paid more than 92 per cent. of the whole sum expended by the eleven unions that have adopted this benefit.

The wife's death benefit is designed to defray the cost of burial. It is, therefore, small in amount, not exceeding fifty dollars in any of the unions in which it is important. The following table gives the minimum amounts of the wife's funeral benefit paid under the original and under the present rules in the five unions in which the benefit is of importance. The term of membership required for participation in the benefit is also shown.

MINIMUM AMOUNT OF WIFE'S DEATH BENEFIT.

Name of Union.	Originally.		In 1905.	
	Amount.	Required Period of Membership.	Amount.	Required Period of Membership.
Bakers.....	$50	6 mo.	$50	6 mo.
Carpenters.....	50	6 mo.	25	6 mo.
Cigar Makers..	40	2 yr.	40	2 yr.
Painters.....	25	6 mo.	50	1 yr.
Typographia...	25	1 yr.	50	none

The wife's death benefit is not graded except in the case of the Carpenters, where the minimum benefit is twenty-five dollars for six months' and fifty dollars for one year's membership. The minimum given in the above table is in all other cases also the maximum.

The success of the wife's death or funeral benefit is not beyond controversy. The Tailors, who began to pay the benefit in 1889, abandoned it in 1898. The benefit was at first seventy-five dollars after three months' membership, but it was remodelled until in 1896 it became a graded benefit ranging from twenty-five dollars to fifty dollars according

[30] The Carpenter, Vol. 4, August, 1884.
[31] The Painter, Vol. 1, April, 1887; Vol. 17, p. 529.
[32] Constitution of the Cigar Makers' International Union of America, 1887 (Buffalo, 1888), Art. 10.

to the length of membership. The chief objection to the benefit was that unmarried members were taxed to support the benefit although they did not participate in the advantages. In 1898 Secretary Lennon declared that the benefit "was based on real injustice, giving one member more benefits for the same dues paid than to another."[33] In other unions which maintain the benefit this objection has been met to some extent, as in the Cigar Makers, by paying the benefit on the death of the widowed mother of an unmarried member provided she was solely dependent upon him for support. Provision is usually made that no member shall receive the wife's funeral benefit more than once. This rule is intended partly to prevent fraud but chiefly to meet the complaint that the benefit confers unequal advantages.

The unions which have adopted the benefit have all experienced difficulty in safeguarding it against fraudulent claims. They usually require, for eligibility to the benefit, that the wife be not in ill health at the time the member is admitted to the union. In the unions which have had the benefit longest in operation it has been found possible materially to lessen the number of claims for the wife's benefit after some experience in its operation.

The following table shows the percentage of claims paid by the Painters for wife's and member's death benefits for a series of biennial periods:

Year.	Percentage of Wife's Death Benefits.	Percentage of Member's Death Benefits.	Year.	Percentage of Wife's Death Benefits.	Percentage of Member's Death Benefits.
1889–1890	49.1	50.9	1896–1900	35.3	64.7
1890–1892	43.5	56.5	1900–1902	32.5	67.5
1892–1894	45	55	1902–1904	32.6	67.4
1894–1896	37.5	62.5			

It will be observed that the ratio of the number of wife's funeral benefits to the number of member's funeral benefits has steadily fallen for a considerable number of years. The experience of the Painters is probably typical, although the

[33] The Tailor, Vol. 8, No. 1, p. 16.

number of claims of each kind is not ascertainable in the other unions.

The combination of the wife's funeral benefit with the death benefit causes a material addition in the cost of the death benefit. This increase is greatest in those unions in which the wife's benefit is relatively large in amount. The following table shows the sums paid for member's and wife's death benefits in three of the more important unions:

SUMS PAID FOR WIFE'S AND MEMBER'S DEATH BENEFITS.

Union.	Year.	Wife's Death Benefit.		Member's Death Benefit.	
		Expended.	Percentage of Whole Sum Expended for Death Benefits.	Expended.	Percentage of Whole Sum Expended for Death Benefits.
Painters	1888–1889	$ 650.00			
	1889–1890	1,075.00	26.8	$ 2,894.00	73.2
	1890–1892	2,075.00	23.1	6,900.00	76.9
	1892–1894	3,912.00	27.7	10,548.00	72.3
	1894–1896	550.00	19.1	2,319.00	80.9
	1896–1900	2,025.00	18.3	8,996.25	81.7
	1902–1903	6,050.00	16.3	30,307.00	83.7
	1903–1904	9,700.00	20.4	37,711.25	79.6
	1904–1905	10,025.00	18.6	43,855.50	81.4
Brotherhood of Carpenters ...	1890–1892	23,650.00	20.1	93,696.00	79.9
	1892–1894	17,750.00	14.2	106,906.95	85.8
	1894–1896	13,525.00	18.7	58,527.10	81.3
	1896–1898	6,725.00	10.2	59,108.44	89.8
	1900–1902	29,545.00	15.6	159,249.98	84.4
	1902–1904	46,892.60	16.1	243,218.25	83.9
	1904–1906	45,525.00	12.9	306,294.44	87.1
Tailors	1890–1893	17,075.00	32.2	35,880.00	67.8
	1894	3,600.00	29.5	8,591.00	70.5
	1895	2,435.00	23.6	7,853.50	76.4
	1896	1,674.70	25.9	4,774.95	74.1

From this table it appears that the expenditures on account of the wife's funeral benefit in these unions range from twelve to twenty-five per cent. of the total sum spent for death benefits. In the Cigar Makers' Union and the Typographia it is probably still less.

The cost of the wife's funeral benefit to each member cannot be determined for all the organizations. In some, even of the older unions, as the Typographia and the Cigar Makers, separate reports of the cost of the wife's funeral benefit are not made, and the reports only of the Carpenters and the Tailors are capable of analysis.

TOTAL AND PER CAPITA COST OF THE WIFE'S FUNERAL BENEFIT.

Union.	Year.	Membership.	Total Expenditure for Wife's Funeral Benefit.	Annual Cost per Member of Wife's Funeral Benefit.
Brotherhood of Carpenters	1894–1896	29,500	$13,525.00	$.23
	1896–1898	30,600	6,725.00	.11
	1898–1900	50,000		
	1900–1902	106,800	29,540.00	.13
	1902–1904	141,800	46,892.60	.16
	1904–1906	165,700	45,525.00	.13
Tailors	Jan. 1–July 1, 1890–1891	3,760	4,925.00	.86⅔
	July 1–Jan. 1, 1891–1894	7,560	12,150.00	.64
	1894	8,200	3,600.00	.44
	1895	8,600	2,435.00	.28
	1896	9,600	1,674.70	.17
	To July 1, 1897	10,500	499.00	.10

In both unions the per capita cost of the benefit was relatively high at the outset, chiefly on account of the larger size of the benefit, but partly on account of the laxity of the rules governing its administration. In the Carpenters the wife's funeral benefit of twenty-five dollars and fifty dollars to members in good standing for six months and one year, respectively, costs each member about fifteen cents annually. The cost of the seventy-five dollar wife's funeral benefit in the Tailors' Union ran in the first year as high as eighty-six and two thirds cents. At the time the benefit was abolished the amount paid was practically the same as that now paid by the Carpenters and the per capita cost had fallen to about seventeen cents in 1896. It may fairly be concluded that a

wife's funeral benefit of twenty-five dollars will cost each member of the union about fifteen cents annually.

The consideration of the cost of the death benefit has been deferred until an examination of the cost of the disability benefit and of the wife's funeral benefit had been made, since the member's death benefit, the disability benefit and the wife's funeral benefit are regarded in the unions with the most highly developed systems as parts of a single benefit. In only a few unions are the payments for these several purposes separated. The unions thus differ so widely in the character of the death benefit paid that it is impossible to institute any comparison as to the relative expense of maintaining the benefit. Some of the systems combine death and disability benefits, some group the death and disability benefits, some pay a wife's funeral benefit while others do not. It will be possible to describe certain typical systems and to indicate the cost of the benefit in the particular system and certain general differences.

The death benefit of the International Typographical Union may be regarded as the simplest type. The greater number of the death benefit systems found in American trade unions are of this general character. The union pays a benefit on the death of any member in good standing. It pays no wife's funeral benefit nor any disability benefit. The benefit, when established in 1892, was fixed at sixty dollars, and has since been raised to seventy dollars in 1906. The annual per capita cost of the benefit has never exceeded eighty-four and has averaged less than eighty cents. This extremely low rate has been due to the large number of lapses. The beneficiary system of the union has not been highly developed and members of the union quitting the trade drop their membership. There is no sort of provision whereby members may retain their beneficiary rights on the payment of less than full dues. Only a small part of the dues are devoted to beneficiary purposes. The net result in such systems is that the members of the union get insurance at a low rate at the expense of those leaving the trade.

A second type is that of the Brotherhood of Carpenters. In their system, death and disability benefits are combined and a benefit is paid on the death of a member's wife. The benefits are graded but the maximum amounts are not large. The following table shows the system as a whole:

BENEFICIARY SYSTEM OF THE BROTHERHOOD OF CARPENTERS.

Member's Death Benefit.	Wife's Death Benefit.	Disability Benefit.
$100 on 6 months' membership.	$25 on 6 months' membership.	$100 on 1 year's membership.
$200 on 1 year's membership.	$50 on 1 year's membership.	$200 on 2 years' membership.
		$300 on 3 years' membership.
		$400 on 4 years' membership.

The per capita cost of maintaining this system, adopted in 1882, has varied greatly from year to year. In 1895 it was as high as $2.46, while in 1900 it was as low as eighty-one cents. The explanation of this variation lies in the changes in the number of members and consequent changes in the age grouping. When the membership was at its lowest point in 1895 those who retained their connection with the organization were to a considerable extent the older members who were desirous of keeping their insurance. The number of claims (death, wife's death and disability) in 1895 was sixteen per one thousand of membership. In 1900 when the membership had doubled the number of claims per one thousand of membership was thirteen and in 1906 it was nine. The average amount of a claim in 1895 was $133, while in 1900 it was $105. In 1906 the average amount of a claim was $125.

Two deductions may be made from these statistics. The Carpenters have heretofore been unable to retain their membership in dull times. The result has been that the death rate has been lower and the average amount of the claims less than it otherwise would have been. The increase in membership in prosperous times results also in decreasing the

average amount of the claims, since in such periods the mass of the members have not been long enough in membership to entitle them to more than the minimum benefits. The benefits furnished by the Carpenters and other unions with similar systems of benefits are provided at less than the cost would be in organizations with stable membership. The per capita cost of $1.23 in 1906 is far below the actuarial cost.

The Typographia and the Cigar Makers are typical unions of the third and final class. In these organizations there are highly developed beneficiary systems. The members receive not only death benefits but out-of-work and sick benefits. In both unions the membership is stable. In the Typographia periods of depression and prosperity do not affect the number of members. In the Cigar Makers the increase in members is checked in hard times but no decrease is suffered. In such unions the per capita cost of the death benefit is not lowered by lapses to any appreciable extent.

The death benefit in the Typographia includes a member's death benefit graded from sixty-five dollars to two hundred dollars, a wife's funeral benefit of fifty dollars and a disability benefit varying according to the age of the member. This combination of benefits costs to maintain on the average about three dollars. The cost varies considerably from year to year on account of the small number of members, and the consequent lack of regularity in the death rate, but taking five-year periods, the cost is stable.

In the Cigar Makers the cost of the death benefit is increasing. The full effect of the grading of the benefit has not as yet shown itself in the cost, since the influx of members recently has caused the rate to be somewhat lower than it would have been. If the Cigar Makers hold their membership and the increase slackens, it may be expected that by 1912 the cost of the benefit will be much higher than at present. In 1905, a normal year, the death benefit, including a member's death benefit graded from $200 to $550 (two to fifteen years), a wife's funeral benefit

of forty dollars and a disability benefit equal to the death benefit cost the union the per capita rate of $3.56 to maintain.

The following table shows the per capita cost of the death benefit system in several of the more important and typical systems:

PER CAPITA COST OF THE DEATH BENEFIT.

Year.	Cigar Makers.	Typographia.	Carpenters.	Typographical Union.	Iron Molders.	Leather Workers on Horse Goods.	Granite Cutters.	Glass Bottle Blowers.
1882	$0.15							
1883	.20							
1884	.33							
1885	.35	$2.11						
1886	.20	1.05	$0.69					
1887	.43	1.94	.66					
1888	1.23	2.58	.66					
1889	1.06	1.85	.90					
1890	1.03	1.94	.90					
1891	1.51	2.23	.99				$0.92	
1892	1.60	1.60	1.38				1.02	
1893	1.74	2.20	1.38	$0.73			1.37	
1894	2.12	4.36	1.62	.81			1.28	
1895	2.27	3.51	2.46	.78	$0.44			
1896	2.69	2.36	1.62	.78	.44			
1897	2.44	4.23	1.77	.84	.44			
1898	3.30	2.63	1.80	.80	.44			$4.66
1899	3.13	1.27	.99	.83		$0.31		
1900	2.64	3.13	.81	.78	.42	.11		
1901	3.67	4.09	.90	.72	.54	.28	1.18	
1902	3.11	3.58	1.10	.80	.57	.39	1.21	
1903	3.14	3.25	.92	.72	.60	.34	1.16	
1904	3.24	2.26	1.18	.84	.64	.55	1.11	
1905	3.56	4.09	1.30	.84	.72	.38	1.53	5.93
1906	4.08	2.71	1.23	.79				

CHAPTER III.

Sick Benefits.

Second in importance among the systems of benevolent relief maintained by American trade unions is the sick benefit paid to members who are prevented by illness from working. Historically, the sick benefit was probably the earliest beneficiary feature inaugurated by local trade unions, but, for several reasons, its adoption by the national unions was delayed. At the present time two systems of sick benefits can be found among American trade unions. In some unions this benefit is paid from the funds of the local union but is subject to the general supervision of the national organizations. In other unions it is disbursed from the national treasury and is immediately controlled by the national officials.

Of the one hundred and seventeen unions allied with the American Federation of Labor in 1904, twenty-eight reported payment of sick benefits.[1] They were as follows: Bakers and Confectioners, Barbers, Bill Posters, Boot and Shoe Workers, Brotherhood of Carpenters and Joiners, Amalgamated Carpenters,[2] Cigar Makers, Compressed Air Workers, Foundry Employees, Freight Handlers, Fur Workers, Glass Snappers, Hotel and Restaurant Employees, Jewelry Workers, Leather Workers on Horse Goods, Machine Printers and Color Mixers, Machinists, Mattress, Spring and Bed Workers, Iron Molders, Oil and Gas Well Workers, Piano and Organ Workers, Plumbers, Print Cutters, Street and Electric Railway Employees, Tile Layers, Tobacco Workers, Travellers' Goods and Leather Novelty

[1] Proceedings of the Twenty-fourth Annual Convention (Washington, 1904), p. 46.

[2] An English union with branches in the United States, with a voting strength of fifty in the American Federation of Labor, representing about four thousand members.

Workers, Wire Weavers. All of these, with a few exceptions, such as the Machinists and the American Wire Weavers, pay sick benefits from the national treasury.

The following table contains a list of the principal organizations that pay national sick benefits, arranged in the order of the introduction of the benefit:

Name of Organization.	Year Organized.	Year Sick Benefits Introduced.
Granite Cutters	1877	1877
Cigar Makers	1864	1880
Typographia	1873	1884
Barbers	1887	1893
Iron Molders	1859	1896
Tobacco Workers	1895	1896
Pattern Makers	1887	1898
Leather Workers on Horse Goods	1896	1898
Piano and Organ Workers	1898	1898
Boot and Shoe Workers	1895	1899
Garment Workers	1891	1900
Plumbers	1889	1903

The Granite Cutters' Union was the first national union to inaugurate a system of national sick benefits. In its first constitution, 1877, provision was made for the formation of a voluntary association for the payment of sick benefits. All members of the Union under fifty-five years of age were eligible to membership.[3] An initiation fee, varying from two dollars for members under thirty years of age to six dollars for those fifty years old, was charged. The amount of the benefit was fixed at six dollars per week during sickness, without any limitation on the amount granted during any one year. The association never had a large membership and was dissolved in 1888. The Union from 1888 to 1897 exempted members during illness from all dues except funeral assessments; since 1897 members in good standing who have been sick for two months are exempt from half dues.[4]

[3] Constitution, 1877 (Rockland, Maine, 1877), p. 30.

[4] Constitution of the Granite Cutters' International Association of America, 1888, Art. 38 (New York, 1888); Constitution, 1897 (Baltimore, n. d.), p. 32.

The Cigar Makers' Union was the first American national trade union to establish a compulsory sick benefit. The system was put into operation in 1880.[5] For some years previously sick benefits had been paid by certain of the local unions, particularly those in New York, New Haven and Brooklyn. In 1877 the Brooklyn local proposed that the sick benefit should be nationalized, but the convention defeated the plan.[6] At the convention of 1878 a committee was appointed to consider the advisability of establishing a national system of relief. This committee made a favorable report in 1879, and its plan was finally adopted at the thirteenth annual session, September, 1880.[7] The success of the sick benefit was immediate, and in 1881 and 1884 the amount of the allowance was increased.[8] The popularity of the sick benefit grew rapidly, and it soon took rank as one of the most successful features of the organization.[9]

In the first national constitution of the Deutsch-Amerikanischen Typographia, adopted in April, 1873, provision was made for the payment of sick benefits by the subordinate unions.[10] The system, however, was unsatisfactory, and in 1879 and 1881 unsuccessful efforts were made to remedy its deficiencies. The desire for a better system finally led to the adoption of a national sick benefit at the New York convention in May, 1884.

The sick-benefit system of the Iron Molders' Union may be regarded as next in importance to those of the Cigar Makers and the German Printers. Although organized into a national union in 1859 the Iron Molders have only within a very recent period turned their attention seriously to the establishment of beneficiary features. In 1866 President Sylvis urged the adoption of a funeral and a disability benefit, to which, he said, sick benefits might be added

[5] Cigar Makers' Journal, Vol. 6, Oct., 1880, p. 7.
[6] *Ibid.*, Vol. 3, Oct., 1877, p. 3.
[7] *Ibid.*, Vol. 5, June, 1879, p. 1; October, 1880, p. 7.
[8] Constitution, 1881 (New York, 1881), Art. 9.
[9] Cigar Makers' Journal, Vol. 14, August, 1889, pp. 10–11.
[10] 25-jährige Geschichte der Deutsch-Amerikanischen Typographia, p. 6; American Federationist, Vol. 2, No. 4, p. 60.

later.[11] Thirty years later, in 1895, President Fox advocated a national sick benefit as a necessary part of the Iron Molders' beneficiary system.[12] But both of these officials cautioned the National Union against extending the national benefits too far, lest the protective purpose of the association be sacrificed to the benevolent. The unsatisfactory operation of the "Beneficial Association" in the early history of the Union, and later the experience of the Union with the death and disability benefit, had made the membership reluctant to sanction the establishment of any new benefit. A further deterrent influence was the almost total failure of sick benefits operated by the local unions.

President Fox's recommendation was effective, however, in securing the establishment of the sick benefit. The system became operative on January 1, 1896, and was essentially the same as that now in operation.[13] Provision is made for a weekly allowance of five dollars during a period of not more than thirteen weeks in any one year to sick members. The beneficiary must have been a member of the organization for six months, and not in arrears for more than twelve weeks' dues.[14]

Several unions organized in recent years, availing themselves of the experience of the Cigar Makers and the Typographia, have inaugurated systems of sick benefits within a few years after their organization. The Tobacco Workers' Union introduced national sick benefits in 1896, one year after organization. Similarly, the Boot and Shoe Workers' Union at their fourth convention in June, 1899, established a national sick benefit.[15] This system became operative on January 1, 1900, and provided for members in good stand-

[11] Iron Molders' Journal, Vol. 1, p. 309.

[12] Proceedings of the Twentieth Convention, Chicago, 1895 (Cincinnati, 1895).

[13] Iron Molders' Journal, Vol. 31, No. 8, p. 3; Proceedings of Twentieth Convention, Chicago, 1895 (Cincinnati, 1895), p. 100.

[14] Constitution, 1895 (Cincinnati, 1895), Art. 17.

[15] Proceedings of the Second Convention, Boston, 1896 (Lynn, n. d.), pp. 42–46; Third Convention, Boston, 1897 (Lynn, n. d.); Fourth Convention, Rochester, 1899 (Lynn, n. d.).

ing sick benefits of five dollars per week for not more than thirteen weeks in any one year.[16]

Besides the unions thus described, the Barbers, the Bakers, the Leather Workers on Horse Goods, and the Plumbers each pay five dollars per week, the last two for thirteen weeks in any one year, the Barbers for twenty weeks, and the Bakers for twenty-six weeks; the Piano and Organ Workers, five dollars per week for eight weeks; the Pattern Makers, four dollars per week for thirteen weeks; the Garment Workers, three dollars per week to women and four dollars per week to men for eight weeks in any one year, or twelve weeks in two years, or fifteen weeks in three years, or eighteen weeks in four years.

In several other important unions the question of establishing a national system of sick benefits has been much discussed. The following unions have given the greatest amount of attention to the subject: the Typographical Union, the Brotherhood of Carpenters and Joiners, the Painters, the Wood Workers, and the Machinists. In each of these many of the subordinate unions pay a sick benefit. Among the Carpenters the payment of sick relief has always been an activity of the subordinate unions.[17] Although the Brotherhood has up to the present left the management of the sick benefit to the local unions, the national officials have recommended on several occasions that the benefit should be nationalized. In 1890 General Secretary-Treasurer M'Guire pointed out that under the system of local benefits travelling members were frequently not entitled to sick benefits.[18] At the ninth and tenth annual conventions, in 1896 and 1898, the subject of unifying the

[16] Constitution, 1899, sec. 65.

[17] The Society of Carpenters, founded at Halifax, Nova Scotia, February 18, 1798, provided in its constitution that all members of twelve months' standing, if sick and confined to bed, should receive two shillings per week; if able to walk about but unable to work, they should receive such a sum as the Society thought wise (Constitution, 1798, [MS.]).

[18] Proceedings of the Sixth General Convention, Chicago, 1890 (Philadelphia, 1890).

system was discussed at length.[19] Many local unions had bankrupted themselves by paying large sick benefits. The convention of 1898 submitted to the referendum a plan for a national system. The defeat of this proposal was chiefly due to the feeling that it was inadvisable to pay the same amount in small towns and cities where wages were low as in the larger cities.

The Typographical Union, prior to 1892, had manifested little interest in the establishment of a national sick benefit. At the national conventions of 1893, 1894 and 1898 President Prescott urged the adoption of a national system.[20] In 1898 he succeeded in securing a favorable report from the Committee on Laws, but the convention defeated the proposal.[21] Although the Union has not up to the present established a national sick benefit, the Union Printers' Home maintained by the Union has among its inmates not only aged printers but a large number of those afflicted with disabling diseases. The Home also serves as a sanitarium for tuberculosis patients.[22]

The table on page 78 shows the chief characteristics of the sick benefit as it has developed in several of the more important unions.

The sick benefit is intended to support members and their families while the member is unable, through illness, to work. Such sickness, to entitle a member to the benefit, must in all the unions be an illness which prevents him from "attending to his usual vocations."[23] Practically all the

[19] The Carpenter, Vol. 16, October, 1896; Vol. 18, October, 1898, p. 8.

[20] Proceedings of the Forty-second Convention, Louisville, 1894, p. 3.

[21] Proceedings of the Forty-fourth Convention, 1898, in Supplement to The Typographical Journal, November, 1898, p. 99.

[22] See below, p. 104.

[23] Iron Molders' Constitution, 1902 (Cincinnati, 1902), p. 37; Cigar Makers' Constitution, 1896, fourteenth edition (Chicago, n. d.), p. 34; Tobacco Workers' Constitution, 1900, third edition, 1905 (Louisville, n. d.), p. 25; Barbers' Constitution, 1902, p. 10; Garment Workers' Constitution, 1902, p. 37; Piano and Organ Workers' Constitution, 1902 (n. p., 1903), p. 18; Boot and Shoe Workers' Constitution, 1906, p. 31; Pattern Makers' Constitution, 1906, p. 48; Leather Workers on Horse Goods' Constitution, 1905, p. 21.

SICK BENEFIT.

Name of Organization.	Originally.		1905.	
	Rate Per Week.	Maximum No. of Weeks in a Year.	Rate Per Week.	Maximum No. of Weeks in a Year.
Iron Molders	$5	13 [24]	$5.25	13 [24]
Typographia	5		5	
Cigar Makers	3 (1st 8) / 1.50 (2d 8)	16	5	13
Boot and Shoe Workers	5	13	5	13
Plumbers	5	13	5	13
Pattern Makers	6.25	13	4	13
Leather Workers on Horse Goods			5 [25]	13
Granite Cutters	6	52	3	13
Tobacco Workers			5	8
Piano and Organ Workers			3 (for women) / 4 (for men)	8 / 8
Garment Workers				
Barbers	5 (1st 8) / 3 (2d 8)	16	5	20
Bakers	5	26	5	26

unions provide, however, that if the sickness is the result of "intemperance, debauchery or other immoral conduct" the benefit shall not be paid. A few of the unions also specifically provide that illness "caused by the member's own act" shall not constitute a claim for the benefit.[26]

In nearly all of the unions a member must have been in continuous good standing for six months to be entitled to receive the sick benefit. The Plumbers require that he shall have been a member for a year. Such requirements afford protection to some extent against persons in ill health joining the unions in order to receive the benefit. The unions rely almost entirely upon those provisions to prevent such abuse. In practically none is an examination regularly required in order to determine whether the candidate for

[24] See page 80.
[25] Exemption of half dues.
[26] The Boot and Shoe Workers, who have a large number of female members, provide that "female members shall not be entitled to [sick] benefits while pregnant nor for five weeks after confinement" (Constitution, 1906, sec. 64).

admission to the union is likely to be a heavy risk. Certain of them do provide, however, that in case the candidate at the time of his admission is over a fixed age, or in case he is afflicted with a chronic disease, he shall be entitled to a smaller weekly benefit than would otherwise be the case. Thus, in the Typographia members fifty years of age and those passing unsatisfactory medical examinations pay five cents less weekly dues than regular members, but can draw no benefit until after two years' good standing. At the expiration of this period they may receive three dollars per week, two dollars less than the regular benefit, for fifty weeks, and then one dollar and fifty cents, half of the regular benefit, for another fifty weeks.

The rules of the unions paying sick benefits vary markedly as to the time at which the payment of the benefit begins. The Cigar Makers and the Typographia pay benefits for the first week of sickness but not for a fraction of a week; the benefit begins from the time the sickness is reported to the local union. The Iron Molders and the Boot and Shoe Workers begin payment with the beginning of the second week, and in no case allow benefits for the first week or for a fractional part of a week. In the Pattern Makers' League, the Brotherhood of Leather Workers on Horse Goods, and the Piano and Organ Workers no benefit is paid unless the illness continues two weeks; the benefits are then paid for the entire period. The Tobacco Workers begin payment with the second week, but if the illness continues twenty-one days, payment is also allowed for the first week. The Plumbers do not pay a sick benefit unless the illness extends two weeks, in which case payment begins with the second week.

The sick benefit is not intended in any of the unions as a pension for persons suffering from chronic disability. In all of them the number of weeks in any one year during which a member may draw the benefit is limited. The usual provision is that the member may not receive the relief more than thirteen weeks in any one year.[27] Several

[27] See table on page 78.

unions, however, set the maximum at eight weeks, while in a very few a member may draw it for more than thirteen weeks in a single year. The most liberal provision is found in the Typographia. A member of that organization may draw a weekly sick benefit of five dollars for fifty weeks, and may then draw a weekly benefit of three dollars for another fifty weeks.

Several of the unions have found that certain members draw the maximum number of weeks' benefit yearly. These members are invalids and practically unable to work at the trade. The benefit is thus to a certain extent converted into a pension for disability. The Iron Molders and the Boot and Shoe Workers have made express provision for retiring such members from the benefit. In 1902 the Iron Molders provided that a member permanently disabled who had "drawn the full sick benefits for three years should be compelled to draw disability benefits." In 1907 the Financier reported that since 1902 eighty-nine members had thus been retired. In 1906 the Boot and Shoe Workers' Union provided that after a member had drawn the full amount of the sick benefit for two years he should be paid a disability benefit of one hundred dollars.[28] The Garment Workers reach much the same end by providing that a member may not receive more than eight weeks' benefit during one year, nor more than twelve in two years, fifteen in three years, and eighteen in four years.[29]

The rate of the weekly sick benefit is five dollars in all the unions except the Tobacco Workers and the Pattern Makers. In the former it is three dollars and in the latter four. The Cigar Makers when they introduced the benefit paid three dollars per week for the first eight weeks and one dollar and a half for the second eight weeks.[30] After a year's experience the amounts were increased to four dollars and two dollars, respectively; in 1884 to five dollars and

[28] Constitution, 1906 (Boston, 1906), pp. 30–32; Proceedings of the Seventh Convention, 1906, pp. 44–45.
[29] Constitution, 1906 (New York, n. d.), p. 41.
[30] Constitution, 1880, Art. 12.

three dollars; in 1891 the benefit was set at five dollars per week and the maximum period during which the benefit could be obtained was fixed at thirteen weeks.[31] The Typographia, introducing the benefit in 1884, fixed the amount at five dollars and paid the same rate without regard to the number of weeks the benefit had been paid. In 1888 the amount was increased to six dollars.[32] But in July, 1894, because of the drain on the funds of the union due to the depression of business, the amount was reduced to five dollars.[33] The Granite Cutters paid for a time six dollars, but since 1888 have simply allowed total or half exemption of dues.[34] The only other one of the unions which has reduced the amount of the benefit is the Pattern Makers. When this union introduced the sick benefit the amount paid was fixed at six dollars and twenty-five cents, but since 1900 only four dollars have been paid. The only union at present differentiating the amount of the benefit according to the length of the term of sickness is the Typographia.

The total amount which may be drawn in any one year in about one half the unions is sixty-five dollars; that is, thirteen weeks at five dollars per week. The largest amounts during any one year are paid by the Typographia, the Bakers and the Barbers. The Bakers and the Barbers allow members to draw $130 and $100, respectively, while a member of the Typographia may receive as much as $265 per year.

The table on page 82 shows the total and per capita cost of the sick benefit in four of the principal unions maintaining it.

The per capita cost in the four unions, for the last year in which data are available, ranged from $3.59 in the Cigar Makers to $2.18 in the Leather Workers on Horse Goods. The chief reason for the higher per capita cost to the Cigar Makers and the Typographia is the more liberal provision

[31] Constitution, 1881 (New York, 1881), Art. 9; 1884 (New York, 1884), Art. 9; 1891 (Buffalo, 1892), p. 28.
[32] 25 jährige Geschichte der Deutsch-Amerikanischen Typographia, p. 35.
[33] American Federationist, Vol. 2, No. 4, p. 62.
[34] Constitution, 1877 (Rockland, 1877), p. 31.

for the payment of the benefit. In both of these unions the relief is paid from the time the illness is reported. The Iron Molders and the Leather Workers do not pay a sick benefit unless the illness extends over two weeks. In the case of the Iron Molders the benefit begins with the second week. Just how effective these limitations are in keeping

TOTAL AND PER CAPITA COST OF THE SICK BENEFIT.

Year.	Cigar Makers.		Typographia.		Iron Molders.		Leather Workers on Horse Goods.	
	Total Cost.	Per Capita Cost.	Total Cost.	Per Capita Cost.	Total Cost.	Per Capita Cost.	Total Cost.	Per Capita Cost.
1881	$ 3,987.73	$ .27						
1882	17,145.29	1.50						
1883	22,250.56	1.68						
1884	31,551.50	2.77						
1885	29,379.89	2.44	$2,444.85	$4.37				
1886	42,225.59	1.71	2,751.35	2.89				
1887	63,900.88	3.10	3,034.60	2.82				
1888	58,824.19	3.40	3,495.90	3.10				
1889	59,519.94	3.29	4,831.50	4.27				
1890	64,660.47	2.55	5,361.36	4.34				
1891	87,472.97	3.40	6,175.88	4.67				
1892	89,906.30	3.22	6,790.60	4.91				
1893	104,391.83	3.68	6,051.65	4.33				
1894	106,758.37	3.64	7,004.07	5.81				
1895	112,567.06	3.82	5,098.98	4.66				
1896	109,208.62	3.74	5,426.65	4.86	$ 38,511.00	$1.79		
1897	112,774.63	4.00	4,681.25	4.32	36,720.00	1.59		
1898	111,283.60	3.90	3,983.85	3.62	37,710.00	1.50		
1899	107,785.07	3.45	4,506.35	4.20	57,465.00	1.98	$ 855.00	$ .90
1900	117,455.84	3.21	4,651.65	4.45	102,935.00	2.49	2,105.00	.88
1901	134,614.11	3.65	4,316.81	4.22	118,515.00	2.46	4,870.00	1.22
1902	137,403.45	3.47	4,977.98	4.99	134,116.00	2.47	8,595.00	1.81
1903	147,054.56	3.42	3,767.93	3.77	179,355.00	2.78	11,680.00	1.90
1904	163,226.18	3.59	2,945.68	2.96	198,214.25	2.59	16,940.00	2.18
1905	165,917.00	3.73	4,835.45	4.95	174,946.28		14,345.00	2.13
1906	162,905.82	3.70	2,945.68	3.02	176,799.00			

down the cost per member can only be conjectured since the statistical records of the unions do not afford data for a thoroughgoing analysis. The financier of the Iron Molders estimated in 1902 that if the union had paid for the first week of sickness, the amount paid in sick benefits would have been increased twenty-three per cent.[35]

[35] Iron Molders' Journal, September, 1902, Supplement, p. 648.

Differences in the rate of morbidity in different trades affect the cost, but these are relatively unimportant in the unions considered. A more important cause of difference in cost is the extent to which the unions are able to prevent the sick benefit from becoming a pension to members incapacitated by old age and disease. The heavy cost in the Typographia is partly due to the more liberal provision which is made for such members. In those unions, such as the Iron Molders and the Leather Workers on Horse Goods, which do not maintain an out-of-work benefit, the cost of the sick benefit is undoubtedly somewhat higher than it would be on account of the temptation of the unemployed member to feign illness.

CHAPTER IV.

Out-of-Work Benefits.

The out-of-work benefit, of prime importance among English trade unions, has made little headway in America either as a national or even as a local trade-union benefit. In 1905 the amount expended for out-of-work benefits could not well have exceeded eighty thousand dollars, and of this sum a considerable part was spent by the Amalgamated Carpenters, a British trade union with branches in the United States. Certainly less than one half of one per cent. of the expenditures of American national unions, and less than one per cent. of their expenditures for beneficiary purposes, is for out-of-work relief. In the one hundred principal English trade unions twenty-one per cent. of the total expenditure in the ten years from 1892 to 1901 was for out-of-work benefits. Of the sum spent by the same unions for benefits of all kinds (not including strike pay) about one third was for out-of-work benefits.[1]

Relief to the unemployed member has assumed in American unions three forms: (*a*) an out-of-work benefit of a fixed amount per week in money, (*b*) exemption of unemployed members from weekly or monthly dues, and (*c*) a loan or benefit sufficient to transport the unemployed member in search of employment. The first and second of these are ordinarily known as out-of-work benefits, while the third is known as a travelling benefit.

The unions that pay a money benefit are the Cigar Makers, the Typographia, the Coal Hoisting Engineers, and the Jewelry Workers.[2] The Cigar Makers' Union is still the only

[1] Weyl, "Benefit Features of British Trade Unions" in Bulletin of the Bureau of Labor, No. 64, p. 722.

[2] The Amalgamated Carpenters, an English union which had in 1902 forty-four branches with 3307 members in the United States, also pay an out-of-work benefit.

American trade union of considerable membership which maintains a system of out-of-work benefits under which unemployed members receive a weekly money benefit. On October 11, 1875, the New York branch of the Cigar Makers' Union formed an out-of-work benefit and became from that time the steady advocate of a national system. As early as 1876 the New York Union proposed a plan to the International Convention, modelled upon the system in operation in the local union, under which a member was entitled to receive aid for a term of three weeks, beginning with the second week of unemployment.[3] This proposal failed of adoption; but the International Convention agreed that sick members should have their cards receipted by the out-of-work seal. Proposals for the establishment of a money out-of-work benefit were made in 1877 and in 1879 at conventions of the Union. Although International President Hurst endorsed the idea in 1876 and recommended that it be placed before the local unions for consideration, the International Convention voted adversely. A substitute, proposed by Mr. Gompers, was adopted in 1879. This provided that every subordinate union should establish a labor bureau for the purpose of securing work for unemployed members.[4] The compromise was by no means satisfactory, and suggestions continued to be made for the establishment of a national out-of-work benefit.[5]

The Cigar Makers' present national system of out-of-work relief was adopted at the eighteenth session, held in New York City in September, 1889, and became operative in January, 1890. The measure as finally adopted by the International Convention was framed by Mr. Gompers. It provided that the unemployed members should receive three dollars per week and fifty cents for each additional day, that after receiving six weeks' aid the member should

[3] Journal, Vol. 1, September, 1876, p. 1.
[4] Cigar Makers' Journal, Vol. 2, April, 1877, p. 2; Vol. 3, October, 1877, p. 3; Vol. 5, September, 1879, p. 3.
[5] *Ibid.*, Vol. 8, September, 1883, p. 9; Vol. 11, October, 1885, p. 6; Vol. 13, July, 1888, p. 7; Vol. 14, December, 1888, p. 3; Vol. 15, October, 1889, pp. 17–18; Constitution, amended 1889, Art. 8.

not be entitled to further assistance for seven weeks, and that no member should be granted more than seventy-two dollars during any one year. The original system has remained practically unchanged with the exception that in 1896 the annual allowance per member was reduced.

From the outset—the first benefit was paid on January 22, 1890[6]—this system has been successful in operation. The report of the international president to the nineteenth session, September, 1891, showed that 2286 members out of 24,624, or less than ten per cent. of the total membership, drew out-of-work benefits during the first year, to the amount of $22,760.50; while during the first six months of 1891, the second year of its operation, 1074 out of 24,221, or less than five per cent., received assistance to the amount of $13,214.50.[7] During 1892 the per capita cost of the benefit was 65½ cents, as compared with 92 cents and 87 cents in 1890 and 1891, respectively. These years were immediately preceding the great industrial and financial depression of 1893–1897, and in consequence during the following years the per capita amount paid showed considerable increase. In 1894 the unemployed cost the Union $174,517.25, or $6.27 per capita of membership, and in 1896, $175,767.25, or $6.43 per capita.[8] Since 1897 the yearly amount paid has gradually decreased with the exception of 1901 and 1904. During sixteen years of operation, ending January 1, 1906, $1,045,866.11 has been paid to unemployed members.[9]

Even before the Cigar Makers, the Deutsch-Amerikanischen Typographia, the small union of the German American printers, had established an out-of-work benefit. The Typographia began to pay an out-of-work benefit in 1884, eleven years after the organization of the national union. The new preamble adopted at the first national convention in Philadelphia, 1873, declared one of the purposes of the

[6] Cigar Makers' Journal, Vol. 15, February, 1890, p. 9.
[7] *Ibid.*, Vol. 17, October, 1891, p. 5 (Supplement).
[8] Proceedings of the Twenty-first Session, September, 1896; in Cigar Makers' Journal, Vol. 22, No. 1.
[9] Cigar Makers' Journal, Vol. 31, April, 1906, p. 13.

union to be the support of members "when unable to obtain work."[10] In 1884, when the union nationalized its system of benefits, the out-of-work benefit was fixed at five dollars per week. In 1888, owing to the prosperous financial condition of the Union, it was increased to six dollars per week, but in July, 1894, because of the strain upon the funds of the organization caused by the introduction of typesetting machines and the general business depression, it was reduced to the original sum.[11]

The system in operation at present provides that members in good standing who have been on the unemployed list for eighteen days shall be entitled to six dollars per week. After drawing twenty-four dollars, no further benefit is granted until the member is on the unemployed list again for eighteen days, and no member is entitled to more than ninety-six dollars in any one fiscal year. Since 1888, with the exception of the fiscal years ending June 30, 1890, and June 30, 1891, the amount paid for out-of-work assistance has been the largest single item in the budget of the Union. During the year ending June 30, 1894, $17,262.50, or $14.33 per capita, an equivalent of forty-eight per cent. of the total disbursements for all benevolent purposes, was paid in out-of-work claims. The total amount paid up to June 30, 1906, was $145,826.91, and the average yearly per capita cost had been $5.99.[12]

Only two other American unions paid out-of-work benefits in 1906. Both of these are small unions and recently organized. The National Brotherhood of Coal Hoisting Engineers pay five dollars per week to members out of employment, after the first thirty days, until work is secured, or until the expiration of twelve weeks.[13] The Jewelry Workers provide for the payment of seven dollars per week to married men and five dollars to unmarried men.[14] Certain other unions, notably the Pattern Makers,[15] pay a "victim-

[10] American Federationist, Vol. 2, No. 4, p. 61.
[11] *Ibid.*
[12] See table, page 91.
[13] Constitution, 1902 (Danville, Ill., n. d.), p. 14.
[14] Constitution, 1902 (New York, n. d.), p. 6.
[15] Constitution, 1906 (New York, n. d.), p. 17.

ized" benefit to members who are unable to secure employment because they are members of the union. Such benefits are directly connected with collective bargaining, and any discussion thereof lies without the scope of this monograph.

The introduction of a national out-of-work benefit has been, however, much discussed in several important unions. These have been the International Typographical Union, the Brotherhood of Carpenters and the Boot and Shoe Workers' Union. The unemployment caused by the depression of 1892–1897 was responsible for much of the consideration given the matter.

In none of these unions has the subject been more fully debated than in the Typographical Union. In October, 1895, the New York local union adopted an out-of-work benefit, which provided for its unemployed members an allowance of four dollars per week for a period of eight weeks in each year.[16] Such activity on the part of the largest local union added considerable force to the movement for an International benefit. President Prescott in his report to the forty-second session of the International Union in 1894 recommended the establishment of an out-of-work benefit, in preference to a sick benefit. He showed that during 1894 several of the largest local unions had found it necessary to levy special assessments for the support of unemployed members. The amount of unemployment, especially in large cities, had increased rapidly. A large per cent. of the unemployed consisted of old men who were unable to compete with younger men in the operation of the linotype. The neglect of this class of men President Prescott characterized as criminal.[17] All agitation for the establishment of an out-of-work benefit has, however, up to the present time failed.[18]

In 1894 at the eighth general session and again at the ninth in 1896 the Carpenters and Joiners considered seriously the question.[19] The Boot and Shoe Workers at their fifth

[16] Typographical Journal, Vol. 7, No. 5, p. 3.
[17] Proceedings of the Forty-second Annual Session, 1894, p. 3.
[18] Proceedings of the Forty-third Annual Session, 1896, pp. 76, 86.
[19] The Carpenter, Vol. 14, September, 1894; Vol. 16, September, 1896.

convention in 1902, although refusing to adopt a proposed plan for a national system, recommended as a partial substitute that all local unions raise funds for the payment of dues of out-of-work members and provide such other relief as they should deem wise, "to the end that from the experience so gained a national plan for relief of unemployed members may be developed."[20]

In the unions maintaining out-of-work benefits it is customary to provide as a precautionary measure that members must have been in good standing for a lengthy period before being entitled to the benefit. The Cigar Makers and the Deutsch-Amerikanischen Typographia provide that only members of the union in good standing for two years shall be entitled to the benefit.[21]

Both the Cigar Makers and the Typographia have also stringent regulations intended to prevent fraud. In the Cigar Makers' Union a member thrown out of employment must obtain from the collector of the shop in which he works a certificate stating the cause of his discharge. If the unemployment is caused by the intoxication of the member, or if he has "courted his discharge" through bad workmanship or otherwise, he is not entitled to the benefit for eight weeks. Mere inability to retain employment does not, however, deprive a member of the relief. If a member leaves employment of his own volition, he is not entitled to a benefit until he has obtained work again for at least one week. Having obtained the certificate of the collector, the unemployed member must register at the office of the union in a book provided for that purpose. After having been registered for one week, he begins to draw the out-of-work benefit. If while receiving out-of-work pay he refuses to work in a shop where work is offered him, or neglects to apply for work when directed by an officer of the union, he loses his right to the benefit and cannot receive out-of-work

[20] Proceedings of the Fifth Convention, 1902, p. 28.

[21] Constitution of the Cigar Makers' International Union of America, 1896, thirteenth edition (Chicago, n. d.), sec. 117; Constitution of the Deutsch-Amerikanischen Typographia, 1901.

pay again until he has had employment for at least one week. Shop collectors are required to report immediately the name of any member refusing to work.

After having received out-of-work benefit for six weeks, the member is not entitled to assistance for seven weeks thereafter. From June 1 to September 23 and from December 16 to January 15 no out-of-work benefits are paid. During these periods, however, any member out of work can obtain remission of dues by application to the financial secretary. He must, however, pay such dues at the rate of ten per cent. weekly when he secures employment. The total out-of-work benefit which may be paid in any one fiscal year is fifty-four dollars. Moreover, any member who has received fifty-four dollars in benefits is not entitled to any further sums until he shall have worked four weeks. But members over fifty years of age are not required to secure employment for four weeks, but may continue to draw the fifty-four dollars yearly although not working.

The protective rules of the Typographia are similar to those of the Cigar Makers. Members thrown out of employment through their own fault cannot be entered on the lists for thirty-six days. If a member gives up his situation voluntarily, he is not entitled to a benefit for four weeks unless his action is approved by the executive committee of the local Typographia. Unemployed members must report daily to an officer of the union. If a member neglects to report he loses his benefit for that day. If a member drawing the benefit refuses to take a situation he loses his right to the benefit for seven weeks. If he refuses work as a substitute he loses his right to the benefit for two weeks. If an unemployed member is unable to fill a situation and so cannot secure work, he is not entitled longer to a benefit, and it becomes the duty of the local executive to recommend that he be given a sum of money in lieu of his rights as a member.

The following table shows the cost of maintaining the out-of-work benefit in the Cigar Makers and in the Typographia:

COST OF MAINTAINING THE OUT-OF-WORK BENEFIT.

Year.	Typographia.		Cigar Makers.	
	Total Cost.	Per Capita Cost.	Total Cost.	Per Capita Cost.
1885	$ 1,118.90	$ 2.00		
1886	1,453.08	1.52		
1887	1,240.10	1.15		
1888	1,315.13	1.16		
1889	6,281.50	5.55		
1890	4,315.00	3.47	$ 22,760.50	$ .92
1891	6,067.00	4.58	21,223.50	.87
1892	9,359.50	6.77	17,460.75	.65
1893	7,835.00	5.67	89,402.75	3.34
1894	17,262.50	14.33	174,517.25	6.27
1895	9,464.20	8.66	166,377.25	5.99
1896	7,812.00	7.00	175,767.25	6.43
1897	8,485.00	7.83	117,471.40	4.46
1898	8,603.00	7.82	70,197.70	2.65
1899	11,135.00	10.39	38,037.00	1.31
1900	8,703.00	8.33	23,897.00	.70
1901	6,716.00	6.56	27,083.76	.79
1902	7,839.00	7.86	21,071.00	.56
1903	4,846.00	4.86	15,558.00	.39
1904	5,785.00	5.82	29,872.50	.72
1905	5,105.00	5.23	35,168.50	.87
1906	5,086.00	5.22	23,911.00	.60
Total	$145,826.91		$1,069,777.11	
Average	6,638.49	$5.99	62,928.06	$2.20

From the above table some comparison can be made of the per capita cost of the out-of-work benefit in the Cigar Makers' Union and in the Deutsch-Amerikanischen Typographia, respectively. For the twenty-two years ending with the fiscal year June 30, 1906, the average annual cost to the German-American Printers has been $5.99 per member, while the Cigar Makers have disbursed, during the fifteen years in which the benefit has been paid, a yearly average of $2.20 per member. The higher average cost to the Typographia has been due chiefly to two causes, (1) the greater amount paid as a weekly benefit, and (2) the larger annual sum which may be paid. The Typographia has always paid a greater weekly benefit. From the adoption of the benefit in 1884 to 1888 this union granted five dollars per week for a maximum period of twelve weeks. During

1888–1894 six dollars per week was allowed. For several years following 1894 five dollars per week for sixteen weeks, or eighty dollars per year, was granted, while at present six dollars per week, or ninety-six dollars per year, is paid. On the other hand, the Cigar Makers' Union, during 1889–1896, paid three dollars per week and fifty cents for each additional day, with a possible maximum of seventy-two dollars per year; but since 1896 the maximum allowance has been fifty-four dollars. Thus, at present the German Printers pay both a greater weekly benefit and a larger maximum yearly amount.

In the Typographia there appears to be a tendency towards an increased per capita cost, while in the Cigar Makers' Union the reverse has been true. This may be attributed in large part to the difference in the age grouping of the memberships. The membership of the German Printers is small, of a higher average age, and is gradually decreasing, while that of the Cigar Makers, with a lower average age, shows a steady increase. Many of the older men in both organizations are employed only when trade is very brisk and draw each year the full amount of the benefits. The variations from year to year are so great, however, as to obscure any general tendency. During the depression of 1893–1897 the per capita cost in the Typographia rose from $3.47 in 1890 to $6.77 in 1892, and to $14.33 in 1894. The per capita cost in the Cigar Makers' Union shows a very sudden increase from 65 cents in 1892 to $3.34 in 1893, to $6.27 in 1894, and to $6.43 in 1896, after which there followed a gradual decrease. The cost of the out-of-work benefit is therefore far more variable than that of any other benefit in either of the unions, and necessitates on the part of both the maintenance of larger reserves.

The systems of so-called out-of-work benefits maintained by the Iron Molders, Pattern Makers, Tobacco Workers, Granite Cutters, Leather Workers on Horse Goods, and Locomotive Firemen, as has already been noted, merely exempt the unemployed member from payment of national

dues. This is a device to retain members in "good standing" during unemployment.

The system maintained by the Iron Molders is the most important of those in operation. The history of the introduction of this benefit by the Iron Molders' Union illustrates the conditions many unions face in building up a system of relief. As a union develops benefits the dues required of members are larger. The unemployed member thus finds himself heavily burdened by the dues he must pay his union at the very time he needs most the protection afforded by the benefit. The establishment of the out-of-work benefit in the Iron Molders' Union was the direct result of the inauguration of a system of sick benefits in 1896. Members in arrears for dues for a period longer than thirteen weeks were excluded from sick relief. The limitation aroused serious dissatisfaction. It was felt that if an unemployed member could not be aided, at least he should be protected against the loss of his right to benefits. Some local unions paid the dues of their unemployed members, but in a period of depression the burden became too great. In October, 1897, two years after the inauguration of the sick benefit, the national union of the Iron Molders assumed the responsibility of paying the dues of unemployed members. All members of six months' standing, who were not in arrears for more than four weeks' dues, became entitled to relief from the payment of dues for thirteen weeks during any fiscal year. The out-of-work benefit does not begin, however, until two weeks after the member has become idle.[22] The national union issues through the local unions out-of-work stamps which are received in payment of dues.

The fund for paying the dues of unemployed members is supported by a weekly tax of one cent on each member. For 1898 the income of the out-of-work relief fund was $6,861.61, while the disbursements were only $1278, repre-

[22] Constitution, 1902 (Cincinnati, 1902), Art. 19. Until 1899 the unemployed member must not have been in arrears for more than four weeks' dues, and the benefit did not begin until he had been idle four weeks. (Constitution, 1898.)

senting 7100 out-of-work stamps. In the whole period (1897–1907) since the inauguration of the out-of-work benefit, the revenue has more than sufficed for the disbursements. Although the 1899 convention transferred $10,000 of the surplus to other funds, on June 20, 1907, there remained in the fund the sum of $125,021, nearly twice as much as had been expended. The Union has not passed through a period of depression since the system was established, and the officers have insisted that wise policy requires the maintenance of a large reserve.[23]

The exemption of unemployed members from the payment of dues takes many forms. The Tobacco Workers' Union provides that members out of employment shall be granted twelve weeks in which to pay dues before they may be suspended from the Union.[24] The Granite Cutters' Association provides that any member in good standing and out of employment for two months or more shall be exempt from half of his dues.[25] The Brotherhood of Leather Workers on Horse Goods grants exemption from payment of dues for a period of thirteen weeks in any one year to unemployed members.[26] The Brotherhood of Locomotive Firemen provides that any member out of employment and unable to pay his dues or assessments shall not be expelled, and that the local lodge must pay his dues for one quarter. It is optional with the subordinate lodge as to whether or not it shall keep the member in good standing for more than one quarter.[27]

The regulations enforced by the unions concerning the remission of the dues of unemployed members are less stringent than the rules governing the larger money out-of-work benefit. In the first place the period of good standing required before a member is entitled to assistance is shorter. A member of the Iron Molders is eligible to the benefit after

[23] Proceedings of Twenty-second Session, p. 646. In Supplement to Iron Molders' Journal, September, 1902.
[24] Constitution, 1900, third edition, 1905 (Louisville, n. d.), sec. 43.
[25] Constitution, 1906 (Quincy, n. d.), p. 45.
[26] Constitution, 1904 (Kansas City, n. d.), p. 22.
[27] Constitution, 1905 (Indianapolis, n. d.), sec. 195.

six months of good standing. The Granite Cutters require only a two months' membership.[28] Moreover, the rules as to registration are less strict. In the Iron Molders' Union an unemployed member must report the date of the beginning of his idleness at the first regular meeting after he has been discharged and must report in person at every regular meeting of his local union; otherwise he cannot claim the benefit. The Leather Workers have the same provisions. The Tobacco Workers require idle members claiming indulgence in the payment of dues to report to the local financial secretary twice each week.[29]

The cost of the exemption of dues in none of the unions is large. The following table gives the chief facts concerning the benefit in the Iron Molders' Union for the period 1900–1906:

OUT-OF-WORK RELIEF IN THE IRON MOLDERS' UNION.

Year.	Number of Stamps Issued Yearly.	Value of Out-of-work[30] Stamps.	Cost per Member per Year.
1900	23,436	$ 5,859.00	$0.12
1901	26,349	6,587.25	.12
1902	10,389	2,597.25	.04
1903	26,073	6,518.25	.04
1904	92,685	23,171.25	.27
1905	24,906	6,226.50	.07
1906	16,676	4,169.00	.04
Average	31,502	$7,875.50	$0.10

The great variations in the number of out-of-work stamps issued is due, of course, to variations in the amount of unemployment. The annual amount of unemployment per capita, so far as it is measured by the number of stamps issued, varied from less than one fourth of a week in 1902, 1903 and 1906 to one and one half weeks in 1904. The per capita cost of maintaining the benefit varied from four cents in 1902, 1903 and 1906 to twenty-seven cents in 1904.

[28] Constitution, 1905 (Quincy, n. d.), p. 45.

[29] Constitution of the Leather Workers on Horse Goods, 1905 (Kansas City, n. d.), p. 22; Constitution of the International Tobacco Workers' Union, 1900, third edition, 1905 (Louisville, n. d.), sec. 43.

[30] Approximate number only. Data furnished by Mr. R. H. Metcalf, financier of the union.

In the history of certain of the principal unions a system of loans or travelling benefits has preceded the out-of-work benefit. The travelling benefit may indeed be termed the first stage of out-of-work relief. The following unions maintain the travelling benefit either in the form of a loan or of a gift: the Cement Workers, Chain Makers, Cigar Makers, Compressed Air Workers, Deutsch-Amerikanischen Typographia, Flour and Cereal Mill Employees, Fur Workers, Glass Snappers, Hod Carriers, Lace Curtain Operatives, Leather Workers on Horse Goods, Machine Printers and Color Mixers, the Mattress and Spring Bed Workers, Shipwrights, Slate Quarrymen, Tile Layers and Helpers, and the Watch Case Engravers. The travelling benefit and the out-of-work benefit are complementary in several of these unions. The systems of travelling benefits maintained by the Cigar Makers, the Leather Workers on Horse Goods and the Typographia are the most important.

The history of the travelling benefit in the Cigar Makers' Union begins almost with the earliest years of the Union. Prior to the Detroit convention, September, 1873, the Union maintained a system of loans to travelling craftsmen. Under this system any member, travelling in search of employment, was entitled to a loan sufficient to transport him to the nearest union. The local union in which the travelling member secured employment was required to collect at least twenty per cent. of the weekly wages of such member.[31] This first attempt was an absolute failure and in 1878 the system was abolished.[32] In October, 1878, local union No. 122 proposed an amendment to the international constitution to provide means of aiding "all travelling craftsmen in need." The aid was not to be a loan but an absolute gift.[33] This proposal failed of adoption; but in August, 1879, local union no. 144 proposed a new plan.[34] A member of six months' standing, if unemployed, was to be loaned a sufficient sum to transport him by the cheapest route to the nearest union

[31] Constitution, 1867, Art. 11.
[32] Cigar Makers' Journal, Vol. 1, October 5, 1878, p. 3.
[33] *Ibid.*
[34] *Ibid.*, Vol. 4, August, 1879, p. 2.

and so to the next. The total of the loans was not to aggregate more than twenty dollars.[35] The plan was adopted and became effective May 1, 1880. In 1884 the amount of any one loan was limited to twelve dollars, and in 1896 it was farther reduced to eight dollars.[36]

The Cigar Makers have always required members to return the sum borrowed. The repayment of such loans, in the case of the Cigar Makers' Union, must commence with the first week of employment, and must continue at the rate of ten per cent. of the weekly earnings.[37] The Brotherhood of Leather Workers on Horse Goods require payment at the rate of fifteen per cent. of weekly wages.[38] The German-American Printers, on the other hand, grant travelling loans as an absolute gift.[39] This is the only important union which follows this policy.

Naturally the rules governing the benefit in the Typographia are more stringent than in the case of those unions which merely loan travelling money. The chief regulations are as follows: In order to draw the benefit a member must have been in good standing for at least six months. He must have paid in full his dues to the day of his departure. He may draw two cents per mile for the first two hundred miles and one cent for every additional mile, but he cannot at any one time receive more than ten dollars. A member assisted with the travelling benefit must remain at least three months in a place before he can claim another travelling benefit. When he has drawn a total of twenty-five dollars he is not entitled to any further assistance for twelve months. Those members who lose their places through their own fault are not entitled to a travelling benefit for three months, and those who give up their places can receive the benefit only if the executive committee of the local

[35] Constitution, 1880 (New York, 1880), Art. 4.
[36] Constitution, 1884 (New York, 1884), Art. 7; 1896, fourteenth edition, (Chicago, n. d.), p. 27. (Issued in 1906.)
[37] Constitution, 1880 (New York, 1880), Art. 4; 1896, thirteenth edition, (Chicago, n. d.), p. 28.
[38] Constitution, 1904 (Kansas City, n. d.), p. 21.
[39] Report of Industrial Commission, Vol. 17, Introduction, p. XLII.

Typographia approves their action. A travelling member going to a place where there is a local Typographia must report to it within two days or he forfeits his right to out-of-work benefits for four weeks. If a member receives the travelling benefit and does not leave, he must return the amount received, and is not in good standing until he has done this.

The total amounts paid yearly in some of the leading unions furnish some idea of the importance of this benefit. Since the inauguration of the benefit to January 1, 1906, the Cigar Makers' International Union has paid a total of $991,777.98 in travelling loans, or an average of $38,145.31 per year.[40] The Deutsch-Amerikanischen Typographia has paid from July 1, 1884, to June 30, 1906, $8116.11, or an average of $368.91.[41] For the year ending September 30, 1904, the Cement Workers paid $1600, the Flour and Cereal Mill Employees, $2084.95, the Hod Carriers and Building Laborers, $1500, and the Leather Workers on Horse Goods, $7703.15.[42]

The table on page 99 shows the total amounts paid yearly and the average loan per capita of membership in the Cigar Makers' Union and the average per capita cost in the Deutsch-Amerikanischen Typographia.

The travelling loan in the Cigar Makers was for some time badly administered. Until the adoption of the out-of-work benefit, the financial secretaries, moved by sympathy, frequently granted the benefit to members who had never left their jurisdiction and who had no intention of leaving.[43] This practice endangered the entire system.[44] Since the adoption of the out-of-work benefit the amount of loans per capita of membership has diminished. At present the cost of the travelling benefit in the Cigar Makers is not large; the loans are promptly and efficiently collected. Data for

[40] Cigar Makers' Journal, Vol. 31, April 15, 1906.
[41] Hugo Miller, 25-jährige Geschichte der Deutsch-Amerikanischen Typographia, 1873–1898, p. 58; Jahres-Bericht, 1899–1906.
[42] Report of Proceedings of the Twenty-fourth Annual Convention, American Federation of Labor, 1904 (Washington, 1904), p. 46.
[43] Cigar Makers' Journal, Vol. 6, July, 1881, p. 1.
[44] *Ibid.*, Vol. 9, July, 1884, p. 3.

TOTAL AND PER CAPITA AMOUNTS OF TRAVELLING LOANS AND BENEFITS.

Year.	Cigar Makers.		Typographia.	
	Amount of Travelling Loans.	Loans Per Capita of Membership.	Amount of Travelling Benefits.	Cost per Member.
1880	$ 2,808.15	$0.63		
1881	12,747.09	.87		
1882	20,386.64	1.78		
1883	37,135.20	2.81		
1884	39,632.08	3.48		
1885	26,683.54	2.22	$ 345.50	$0.61
1886	31,835.71	1.29	264.10	.27
1887	49,281.04	2.34	483.45	.44
1888	42,894.75	2.50	669.29	.59
1889	43,540.44	2.71	456.17	.40
1890	37,914.72	1.53	576.65	.46
1891	53,535.73	2.21	622.47	.47
1892	47,732.47	1.78	797.19	.57
1893	60,475.11	2.25	439.64	.31
1894	42,154.17	1.52	680.96	.56
1895	41,657.16	1.50	304.46	.27
1896	33,076.22	1.39	339.86	.30
1897	29,067.04	1.10	279.50	.25
1898	25,237.43	.95	390.62	.35
1899	24,234.33	.83	320.74	.29
1900	33,238.13	.97	178.79	.17
1901	44,652.73	1.31	175.05	.17
1902	45,314.05	1.22	107.28	.11
1903	52,521.41	1.33	159.56	.16
1904	58,728.71	1.41	181.85	.18
1905	55,293.93	1.37	195.46	.20
1906	50,650.21	1.29	147.52	.15
Total	$991,177.98		$8116.11	
Average	38,145.31	$1.63	368.91	$0.33

recent years are not available; but in the period from 1881 to 1901 the sum of $735,266 was loaned and $660,255 was repaid. The balance outstanding at the close of 1900 was $75,014, and of this a considerable part was collectible. The net cost of the system for twenty-one years was thus certainly less than $50,000, an average annual cost of about $2400, or an annual average per capita cost of ten cents. Even in the Typographia, where the benefit is a gift, the annual per capita cost to the membership is not large, varying from eleven to sixty cents, according to the state of employment.

CHAPTER V.

Superannuation Benefits.

In 1901 thirty-eight of the one hundred principal British unions paid a superannuation benefit. These unions had a membership of 566,765, and the amount paid in superannuation benefits from 1892 to 1901 was about one sixth of the total amount expended for all benefits.[1] In the American trade unions, on the other hand, superannuation benefits are paid by only a few unions. A considerable number of unions have in recent years been considering the advisability of introducing this feature, and it is likely within a brief period to form an important part of the beneficiary system of the American unions.

The superannuation benefit may take several forms—a weekly stipend, a lump sum or a support in a home for the aged. The aim of the benefit in all three cases is to protect the member in old age. The weekly stipend is regarded as the preferable form, since in going to a home the member must leave his family. Ordinarily, too, a weekly payment is deemed wiser than a lump sum, since the aged member cannot very well manage property, and the chances are that he will lose his capital. The British trade unions uniformly pay the benefit in the form of a weekly or monthly pension.

The earliest attempt made by any American trade union to make provision for the support of aged members was that of the Typographical Union in 1857. The National Convention of that year appointed a committee to consider the proposal of the Philadelphia printers for the establishment of an "Asylum for Superannuated and Indigent Printers." This plan was defeated at the ninth convention in 1860.[2] The Iron Molders' Union as early as 1874 provided

[1] Weyl, "Benefit Features of British Trade Unions," in Bulletin of the Bureau of Labor, Vol. 12, p. 722.

for the establishment of a "superannuated fund," from which superannuated members of twenty years' standing were to receive three hundred dollars and those of twenty-five years' four hundred, if permanently disabled and unable to earn a living at their trade. Membership was to date from July 5, 1859, and no benefit was to be paid until August, 1879.[3] Because of the failure to accumulate sufficient reserve for its support, the regulations were repealed in 1878 before any benefit fell due.[4] The superannuation benefit adopted by the Granite Cutters early in their history met a similar fate.

In recent years agitation for the establishment of some form of superannuation benefit has been carried forward in several of the more important unions. In 1893 Mr. Gompers proposed the establishment of this form of beneficiary relief in the Cigar Makers' Union. In June, 1904, a plan was discussed for the payment of a monthly benefit of six dollars to members sixty years of age and twenty-five years in good standing. Larger benefits were to be paid to members older and of longer standing. Up to the present, however, the Cigar Makers have not adopted any of the plans for a superannuation benefit. The Brotherhood of Carpenters and Joiners, at the 1900 convention, provided for the payment to members of twenty-five years' continuous membership and over sixty years of age such amount as the National Convention might designate.[5] In 1902 it was decided that if the members by referendum vote endorsed an increase of dues, the amount of this benefit should be fixed at $150.[6] But the increase of dues failed of ratification, and the plan for a superannuation benefit was abandoned.

---

[3] Proceedings of the Seventh Convention, Chicago, 1858 (New York, 1858), p. 11; Proceedings of the Ninth Convention, Nashville, 1860 (Boston, 1860), pp. 53–54.

[4] Constitution, 1876 (Cincinnati, 1876), Art. 18.

[4] Constitution, 1878 (Cincinnati, 1878), Art. 17; Iron Molders' Journal, August, 1878, p. 4; October, 1878, p. 30.

[5] Proceedings of the Eleventh General Convention of the Brotherhood of Carpenters and Joiners, Scranton, 1900 (Scranton, 1900), p. 67.

[6] Proceedings of the Twelfth General Convention, 1902 (Atlanta, 1902), pp. 123, 163; The Carpenter, Vol. 22, November, 1902, p. 3; Vol. 23, No. 1.

A few unions have allowed aged members to draw all or a part of their death benefit. Thus, the Granite Cutters permit members sixty years of age who have been in continuous good standing for ten years to draw the sum of $125.[7] The Typographia also pays an indeterminate lump sum to aged members who wish to retire from the trade.

More important still, a considerable number of unions have made provision for the payment of a superannuation benefit in one form or another at a definite future date. Such unions are the Journeymen Plumbers, the Pattern Makers, the Machinists and the Jewelry Workers.

In the Plumbers' Association any member of at least twenty years' full membership and not less than forty-five years of age, who, through old age or infirmity, is incapacitated from following his employment, is entitled to the benefit according to a prescribed scale; those of twenty consecutive years' full membership and not under sixty-five years of age are to receive three hundred dollars; those of twenty-five years' membership and not under seventy years of age, four hundred dollars; those of thirty years' membership and over, five hundred dollars. The rule providing for the payment of the benefit became effective in January, 1903, but no benefit is to be paid before January, 1923.[8] The Pattern Makers' League provides that superannuated members be divided into two classes: (*a*) members sixty years of age and of twenty-five years' continuous membership, who receive twelve dollars per month, and (*b*) those sixty-five years of age and over and of thirty years' membership, who receive sixteen dollars per month. The provisions of this rule became operative July 1, 1900, and the first benefit will be payable on July 1, 1920.[9] The Jewelry Workers have the same specifications as the Pattern Makers. The rule went into effect January 1, 1902, but no benefit will be paid until January 1, 1922.[10] The Machinists provide that

[7] Constitution, 1905 (Boston, n. d.), p. 28.
[8] Constitution, 1904 (Chicago, n. d.), pp. 52–53.
[9] Constitution, 1906 (New York, n. d.), pp. 15–16.
[10] Constitution, 1902, Art. 11.

any member sixty-five years of age and of ten consecutive years' good standing shall receive five hundred dollars and those sixty-eight years of age and of twenty years' standing shall receive one thousand dollars. This benefit became effective June 1, 1903, and no payment can be made before June 1, 1913.

The only two American trade unions which in 1908 are actually paying a superannuation benefit as distinguished from a mere compounding of the death benefit are the Granite Cutters and the Typographical Union. In both the establishment of the benefit is very recent.

In 1905 the Granite Cutters made provision for the payment of a monthly benefit of ten dollars for "six months each year beginning with November" to those who had been members for twenty years and who had reached the age of sixty-two. The applicants must have been in continuous good standing for the "last ten years previous to arriving at the age of sixty-two."[11] The first payments under the new rule were made in December, 1905.

The Typographical Union has, however, led all the American trade unions in the provision which it has made for its aged members. As has been noted above, as early as 1857 it was proposed to establish a home for aged printers in Philadelphia, and the project was revived from time to time. The persistence with which this proposal appeared and reappeared gave evidence of its popularity. In 1870 a Kansas union proposed the establishment of a "Home for Disabled Printers." All members of local unions were to be taxed two dollars each for the purpose of endowing the Home. The committee of the International Union to whom the plan was referred reported that they "deemed it impracticable at the present time." In 1877 a similar proposal was defeated. In 1882 a committee consisting of the officers of the union was appointed to inquire into the possibility of establishing and maintaining a "Home for Disabled Printers." This committee expressed its approval of the project, but doubted the ability of the union to finance it.

[11] Constitution, 1905 (Quincy, n. d.), p. 45.

In 1886 Messrs. George W. Childs and A. J. Drexel of Philadelphia presented to the International Union the sum of ten thousand dollars. This donation was to be used in any manner the union might see fit. For some years an active discussion as to the best use to be made of the fund was carried on, and in the meantime the sum was being increased by contributions from members of the union.

It ultimately became evident that some plan for applying this fund to the establishment of a home for aged printers would best satisfy the membership. In 1887 the Austin, Texas, union announced that the Mayor and City Council of Austin were willing to present a site for such a home. In 1889 the Board of Trade of Colorado Springs offered to donate eighty acres of land for the same purpose, and other offers of land were received from time to time. The International Union finally decided to accept the offer of the site at Colorado Springs, and this decision was approved by a referendum vote.

The Home was opened on May 12, 1892. Applicants for admission were required to have been members of the union in good standing for five years. Persons incapacitated either by age or by illness were admitted to the Home. The number of residents has increased from twenty-two in 1893 to one hundred and forty-three in 1907. A considerable part of the residents are sufferers from tuberculosis, and the union has made provision for treating them according to modern methods. A part of the inmates, however, have always been persons whose incapacity was solely the result of old age.

About 1904 an agitation began to be carried on in the union for making more adequate provision for the maintenance of aged members. The establishment of the Home had made provision only for those incapacitated members who were willing to leave their families and live in an institution. It was argued that the Home benefited one class of the aged, and that another class, equally worthy, was left entirely dependent upon its own resources. Moreover, certain innovations in the trade had made the union highly sensible of the helplessness of its aged members. The intro-

duction of the linotype caused many old members to lose their employment. The New York local union established an out-of-work benefit in 1896 which has since been maintained. This benefit, while nominally an out-of-work benefit, was in many cases really a superannuation benefit. In 1903 the Chicago local union made provision for the payment of old-age pensions to its members, and other local unions rapidly followed the same policy.

In 1903 and 1904 propositions were introduced at the sessions of the International Union for the establishment of an International old-age pension system. In 1905 the session of the International authorized the appointment of a committee to investigate the subject. The eight-hour strike which taxed for two years the resources of the Union delayed the consideration of this report. In 1907 the committee reported in favor of the establishment of old age pensions, and presented a plan which when submitted to the referendum was ratified by a large majority, and on August 1, 1908, the International secretary-treasurer began the payment of pensions. All members sixty years of age who have been in continuous good standing for twenty years, and who earn less than four dollars per week, are entitled to a weekly pension of four dollars. The original plan provided also that in order to receive a pension a member must have no other means of support. The officers of the Union, however, have construed this provision liberally, and the pension is paid as of right and not as a form of charity.

The pension scheme thus adopted by the Typographical Union is the most ambitious that has been proposed in any American trade union. The sum of money required to finance the project will be very large, and the Union has levied for the support of the pension system an assessment of one half of one per cent. on the wages of all its members. Whether this will be sufficient adequately to support the benefit is as yet uncertain, since the number of pensioners cannot be estimated with any accuracy. It is certain also that the number of pensioners will not reach its maximum for a considerable period.

CHAPTER VI.

Administration.

No factor has been of more consequence in determining the development and stability of the relief systems than the character of their administration. The problems that confront the unions are both legislative and administrative, but the administrative organs must not only execute the rules already in force, but must furnish data upon which additional rules can be based.

When the early voluntary insurance associations were formed under the auspices of the national unions, their management was usually confided to a separate set of officials, and the funds of the association were kept distinct from those of the unions with which they were connected. In some cases the officers of the unions, for purposes of economy, acted also as officers of the association. The Iron Molders' Beneficial Association was thus formed as a separate institution to furnish a voluntary death and disability benefit to any journeyman molder in good standing in any local union under the jurisdiction of the national organization.[1]

The administration of the beneficiary systems, in all but two of the unions, is now carried on by the officers who manage the general affairs of the union. The Brotherhood of Locomotive Engineers and the National Association of Letter Carriers each maintains a mutual benefit department administered by separate officers. The official staff of the Engineers' Insurance Association consists of a president, a vice-president, a secretary-treasurer and five trustees; while that of the Letter Carriers consists of the president of the National Association, a board of trustees, a chief collector

[1] Iron Molders' Journal, Vol. 7, March, 1871.

and a depositary. In those unions in which the administration of the beneficiary system is in the hands of the officials of the union the officials in charge of the administration of the benefits are usually two, variously known as a grand chief, grand master or president and a secretary-treasurer. In a few unions the offices of treasurer and secretary are separated. In the Cigar Makers the president also performs the duty of secretary. In the Tailors the general secretary has sole charge of the benefits. In the Iron Molders' Union the "financier" has charge of the administration of the sick benefits.

The secretary-treasurer in the majority of the unions is the chief official concerned in administering the benefits. Such is the case in the Typographical Union, the Brotherhood of Painters, the United Association of Plumbers, the Boot and Shoe Workers' Union, the Tobacco Workers' Union, the Brotherhood of Leather Workers on Horse Goods, and the Barbers' International Union.[2] In the Iron Molders' Union, the Brotherhood of Carpenters, the Wood Workers' Union, the Glass Bottle Blowers' Association, the United Garment Workers' Union, and the Granite Cutters' Union these duties are divided between the general secretary and the general treasurer.

Ordinarily no particular part of the funds of the union is devoted to the payment of beneficiary claims. The unions paying insurance, however, are exceptional in this respect. In such cases the funds of the insurance departments are separate from the general funds of the brotherhoods, and the dues for maintaining the insurance departments are levied as assessments distinct from the general levies. Nearly all the grand lodges have made provision in their consti-

[2] Typographical Union, Constitution, 1904 (Indianapolis, n. d.), p. 26; Plumbers' Constitution, 1904 (Chicago, n. d.), pp. 19–21; Painters' Constitution, 1904 (La Fayette, n. d.), secs. 230–241; Boot and Shoe Workers' Constitution, 1904 (Boston, n. d.), sec. 7; Tobacco Workers' Constitution, 1900, third edition, 1905 (Louisville, n. d.), pp. 10–15; Leather Workers on Horse Goods, Constitution, 1904 (Kansas City, n. d.), p. 7; Barbers' Constitution, 1905 (Indianapolis, n. d.), pp. 13–14.

tutions against encroachments upon the beneficiary funds by the grand officers for the benefit of other departments. The Trainmen and the Switchmen provide that the beneficiary fund shall be used exclusively in paying death and disability claims.[3] The Telegraphers provide that no part of the mortuary fund shall be paid out, loaned or diverted for any purpose except for the payment of approved death claims.[4] The Firemen pay out of their beneficiary fund "all expenses for the proper conducting of the beneficiary departments."[5] The position of the Conductors on this point is not so explicit. The Order, however, holds in reserve a fund of $300,000, from which the grand officers may draw, in case the assessments levied for beneficiary purposes are insufficient to pay legal claims and the surplus in the beneficiary fund is not sufficient to cover the deficit.[6] The Engineers and the Maintenance-of-Way Employees have no specific regulation of this kind; but the implication is that similar protection is furnished their funds. The Letter Carriers provide that the beneficiary fund shall be used exclusively for paying insurance claims.

Only a few of the unions paying benefits as distinguished from insurance make any such provisions. The Boot and Shoe Workers provide that the "sick and death benefit fund shall not be drawn upon for any purpose except for payment of sick and death benefits;" the Painters, that "no money received for a specific purpose shall be otherwise used;" and the Tobacco Workers, that "none of the funds shall be transferable one to another."[7] The Cigar Makers and the unions which follow its methods go quite to the other ex-

[3] Constitution of the Railroad Trainmen, 1903 (Cleveland, 1903), sec. 58; Constitution of the Switchmen's Union of North America, 1903 (Buffalo, n. d.), sec. 57.

[4] Constitution, 1903 (St. Louis, n. d.), Article 23, p. 109.

[5] Constitution, amended, 1902 (Peoria, n. d.), sec. 52.

[6] Constitution, 1903 (Cedar Rapids, n. d.), Article 27, p. 86.

[7] Constitution of the Boot and Shoe Workers' Union, 1904 (Lynn, 1904), p. 25; Constitution of the Brotherhood of Painters, Decorators and Paperhangers of America, 1906 (La Fayette, n. d.), p. 39; Constitution of the Tobacco Workers' Union, 1900, third edition, 1905 (Louisville, n. d.), p. 18.

treme.[8] All the moneys of the union are kept in a single fund and are drawn upon for the payment of benefits, organizing expenses, or strike pay, as need requires. In the great majority of unions, however, a nominal allocation of funds is practised. Thus, the Typographical Union in 1906 apportioned its monthly dues as follows: five cents to the general fund; five cents to the special defense fund; seven and one half cents to the defense fund; seven and one half cents to the burial fund; and ten cents to the endowment fund of the Union Printers' Home. Similarly, the Iron Molders, the Boot and Shoe Workers, Painters, Pattern Makers, Barbers and many others apportion their dues in fixed ratios to specific objects. But such apportionments are mere book-keeping devices. None of these unions hesitate in an emergency to transfer money from one fund to another. The Iron Molders and the Printers, for example, give their executive board or council power to transfer money from one fund to another whenever occasion demands.[9]. In the other unions there is an implied power. In 1899 the Executive Board of the Iron Molders transferred $10,000 from the surplus in the out-of-work fund to other funds, as follows: $3000 to the strike fund; $5000 to the expense fund, and $2000 to the monthly fund.[10] Similarly, the Typographical Union, from 1897 to 1902, transferred $24,174.64 from the burial fund to the general fund.[11] Although the Brotherhood of Carpenters do not make provision for the transfer of money from one fund to another, it has been found necessary to borrow from one fund in order to meet claims on another. In 1896 the Executive Board borrowed seven thousand dollars from the "protective fund"

[8] The following are the more important unions making no allocation of their funds: Cigar Makers, Typographia, Piano and Organ Workers, and Plumbers.

[9] Constitution of the Iron Molders' Union of North America, 1902 (Cincinnati, n. d.), p. 20; Constitution of the International Typographical Union of North America, 1904 (Indianapolis, 1904), p. 10.

[10] Proceedings of the Twenty-second Session, Toronto, 1902, p. 646 (Supplement to Iron Molders' Journal, September, 1902).

[11] Proceedings of the Forty-sixth Session, Milwaukee, 1900, pp. 51, 99 (Supplement to Typographical Journal, September, 1900).

and twelve thousand from the "organization fund" with which to pay benefit claims.[12]

Efficient financial administration requires in the case of certain benefits an apportionment of revenue between the national union and its subordinate unions. The funds for the payment of death and disability benefits or of old age pensions can be held at national headquarters, since the administration of such benefits can be centralized and immediate payment is not essential. In the railway unions and in the great number of unions, such as the Brotherhood of Carpenters and the Typographical Union, which have developed only death benefits, the dues for beneficiary purposes are collected by the local unions and paid over to the national treasury. In those national unions which have introduced sick, out-of-work, or travelling benefits, national funds are ordinarily held by the local unions, for the reason that it is desirable that payment of claims should be made immediately. The unions which pay such benefits are divisible into two classes according to the extent to which they have entrusted the funds of the national union to the local unions. The Cigar Makers, the Typographia, the Piano and Organ Workers and the Plumbers intrust to the local unions all the funds of the national organization. A more numerous class of unions apportion the dues between the local unions and the national organization. The Iron Molders, for example, collect twenty-five cents per week from every member. This amount is applied as follows: ten cents per week per member is transferred to the International treasurer, of which sixteen per cent. is placed to the credit of the death and disability fund, twenty-six per cent. to the monthly fund, and fifty-eight per cent. to the strike fund; eight cents per week per member is held by the local unions as a credit to the benefit fund out of which are paid sick and out-of-work benefits; and the remainder, seven cents per member, is held by the local unions as a fund for local expenditures.

The adjudication of claims is naturally the most impor-

[12] The Carpenter, Vol. 16, October, 1896.

tant administrative task connected with a system of benefits. In all cases the national officials rely upon the local unions and their officers for a certain amount of coöperation and aid in preventing fraud, but the amount of this dependence varies with the character of the benefit. In death and disability benefits the national union can prevent fraud almost without any coöperation on the part of the local unions. A certificate of death or disability, properly signed, is in the great majority of cases an indisputable evidence of the fact it purports to attest. A union may in like manner administer an old age pension directly from its head office. But in the case of sick, travelling and out-of-work benefits, the local unions become an essential part of the administrative machinery of the national union. No national union attempts to determine whether a member of a local union is entitled to the out-of-work benefit except through the local union. The administrative systems fall thus into two great classes according as the benefit administered can be guarded against fraud by means of certificates and sworn statements, or according as it must be administered partly by persons in contact with the claimant. In both cases the national officers administer the benefits; but in the one they act directly and the mediation of the local union is formal and dispensable, while in the other the aim of national administration is to supervise and control the local administration.

The administration of the death benefit or of a system of insurance against death presents relatively few difficult problems. The local union reports the death to the national officials and certifies to the good standing of the deceased member in his local union. If the reports of national and local unions correspond and the deceased member is clear on the records of both local and national unions, the claim is approved by the national officers and payment is made to the designated beneficiary, or the legal heirs of the deceased. The report of the subordinate union to the national union, covering the case in point, contains a certificate validating the claim, sworn to before a notary public or com-

missioner by the president and the financial secretary, together with all documents upon which the local authorities based their decision or prayer for the payment of the claim. Upon receipt of an application for a claim the general secretary-treasurer, the general president, or both, examine it and, if satisfied as to its validity, order immediate payment; if the claim is questionable it is referred to the general executive board for final adjustment.[13]

The adjudication of disability claims is more difficult than that of death claims. Of the unions that pay disability insurance or benefits the Locomotive Engineers, the Railway Conductors, the Locomotive Firemen, the Railroad Trainmen, the Switchmen, the Maintenance-of-Way Employees, the Iron Molders, the Brotherhood of Carpenters, the Painters, and the Glass Workers specify the disabilities that constitute "total or permanent disability," while the Wood-Workers and Metal Workers define disability simply by the resultant disqualification for "following the trade."[14] In the latter group of unions the administrative officers have large discretionary power. The lack of more specific rules in such cases causes unsatisfactory administration and this in turn gives rise to general complaint.[15]

All claims for disability benefits are filed with the local officers of the disabled members' union for their examination and approval or rejection. In case of approval the claims are forwarded to the central office of the national union with all necessary papers concerning its validity. If the claim is approved, payment is made through the local union to the

[13] Iron Molders' Constitution, 1902 (Cincinnati, 1902), p. 41; Cigar Makers' Constitution, 1896, fourteenth edition (Chicago, n. d.), sec. 151; Painters' Constitution, 1906 (La Fayette, n. d.), sec. 151.

[14] Iron Molders' Constitution, 1902 (Cincinnati, 1902), p. 40; Carpenters' Constitution, 1905 (Milwaukee, n. d.), p. 19; Painters' Constitution, 1904 (La Fayette, n. d.), p. 29; Glass Workers' Constitution, 1903 (n. p., n. d.), p. 11; Wood Workers' Constitution, 1905 (Chicago, n. d.), sec. 137; Metal Workers' Constitution, 1903 (Joliet, n. d.), sec. 115.

[15] Proceedings of the Nineteenth Session of the Iron Molders' Union of North America, 1890, Report of President (Cincinnati, n. d.); Proceedings of the Seventh General Convention of the United Brotherhood of Carpenters and Joiners of America, 1892, Report of the President (Philadelphia, 1892).

legal claimants.[16] The majority of the unions paying disability benefits, as a precautionary measure specify the time within which claims for disability must be filed. The Conductors and the Carpenters require claims to be filed within one year from date of disability,[17] the Firemen and the Switchmen, within six months,[18] and the Trainmen "promptly" after injury;[19] while the Engineers and the Maintenance-of-Way Employees fix no specific time for filing claims. The Carpenters and the Painters require that notice of a claim for disability must be given to the general secretary-treasurer within sixty days after disability occurs.

The disability claim must be accompanied, under the rules of practically all the unions, by the sworn certificates of the attending physicians.[20] The Firemen provide that the national officials may, when they consider it necessary, appoint a physician to pass upon the validity of a claim; the Maintenance-of-Way Employees require subordinate lodges to appoint a special committee to report on the nature and cause of the disability. The Engineers exercise special care in passing upon a claim for loss of sight. In such cases they require a certificate signed by two experienced oculists; and in case the eyes have not been removed the claim remains on file for one year, when additional certificates from two

[16] Constitution of the Iron Molders' Union of North America, 1902 (Cincinnati, 1902), p. 41; Constitution of the United Brotherhood of Carpenters and Joiners of America, 1905 (Milwaukee, n. d.), secs. 109–110; Constitution of the Brotherhood of Painters, Decorators and Paperhangers of America, 1906 (La Fayette, n. d.), secs. 84–87.

[17] Constitution of the Railway Conductors of America, 1903 (Cedar Rapids, n. d.), p. 82; Constitution of the United Brotherhood of Carpenters and Joiners, 1905 (Milwaukee, n. d.), p. 19.

[18] Constitution of the Brotherhood of Locomotive Firemen, 1905 (Indianapolis, n. d.), p. 30; Constitution of the Switchmen's Union of North America, 1903 (Buffalo, n. d.), p. 20.

[19] Constitution of the Brotherhood of Railroad Trainmen, 1903 (Cleveland, 1903), p. 35.

[20] Constitution of the Brotherhood of Railroad Trainmen, 1903 (Cleveland, 1903), p. 35; Constitution of the Switchmen's Union of North America, 1903 (Buffalo, n. d.), p. 16; Constitution of the United Brotherhood of Carpenters and Joiners, 1905 (Milwaukee, n. d.), p. 19; Constitution of the Brotherhood of Painters, Decorators and Paperhangers of America, 1906 (La Fayette, n. d.), p. 20.

experienced oculists, certifying to total or permanent blindness, must be furnished.[21]

A member whose claim for a death or disability benefit has been rejected may appeal from the decision of the official authorized to pass upon claims. The provisions of the Trainmen are typical. Every claim rejected by the secretary-treasurer is referred to the Beneficiary Board, consisting of the grand master, the assistant grand master and the secretary-treasurer. If rejected also by the Board the claimant may appeal to the Grand Lodge " at its next succeeding session, but not afterward." The appellant must give a written notice to the grand secretary-treasurer of his intention to appeal.[22]

The unions paying the sick benefit fall into two classes according as they administer the benefit directly from the offices of the national union with the aid of the local union or as they intrust the administration of the benefit to the local union and leave to the national officers only a general supervision. The Boot and Shoe Workers, the Barbers and the Tobacco Workers are in the former class, while in the latter are the Cigar Makers, Iron Molders, Typographia, Plumbers, Leather Workers on Horse Goods and the Garment Workers.

The chief means relied upon to guard against fraud are the certificate of the attending physician and the report of a visiting committee of the local union. Some of the unions require both the certificate and the report; the larger part, however, rely on the report of the visiting committee, although local unions are permitted to require that a physician's certificate shall be furnished. The duties of the visiting committee are set forth with great elaboration in all the constitutions. Thus, the Boot and Shoe Workers require

[21] Constitution of the Brotherhood of Locomotive Firemen, 1905 (Indianapolis, n. d.), p. 34; Constitution of the Maintenance-of-Way Employees, 1903 (St. Louis, n. d.), p. 13; Constitution of the Grand International Brotherhood of Locomotive Engineers, 1904 (Cleveland, 1904), p. 85.

[22] Constitution of the Railroad Trainmen, 1903 (Cleveland, 1903), p. 39.

that the claim shall be investigated by "three Union members of good repute not related to the sick member, each acting independently of the others and reporting individually to the local executive board." The Plumbers and Cigar Makers require that every sick member shall be visited at least once in each week and that no two members of the committee shall visit him at the same time.

Notwithstanding these precautions it has not been possible entirely to prevent the payment of fraudulent claims for sick benefits. The visiting committees of the local unions are frequently neglectful or careless in exercising their supervisory functions, and occasionally knowingly sanction the payment of unwarranted claims. Where the unions do not have an out-of-work benefit, there is always the chance that unemployed members will claim the sick benefit and that the local unions, aware that the money for the payment of the claim comes from the national union, will not scrutinize with any care the severity of the illness.

Reserving to the national officials the right to pass finally upon sick-benefit claims is not effective as a precaution against such frauds. The national officials cannot inform themselves as to the honesty of the physician who signs the certificate nor as to the good faith with which the visiting committee has performed its duties. On the whole, the better policy seems to be to place the responsibility of passing upon individual claims directly upon the local union, and to reserve to the national officials an oversight of the administration of the local unions.

In several of the unions no effective measures appear to have been taken to keep the local unions up to their duties, but in others a close scrutiny is maintained. The system in use by the Iron Molders is probably the most effective of those used by the unions which do not pay a money out-of-work benefit and in which consequently the need for supervision is greatest. Every member of the union is catalogued on a card. When he is reported as having received a benefit payment from any local union, this fact is entered on his card. Members removing from one local union to

another and drawing more sick benefits than they are allowed by the rules are thus detected and forced to make restitution. The "financier" of the union also notes the sick rate in each local union. When the amount of sickness in any locality appears to be excessive, he employs for a limited time a reputable physician, who must sign all claims for sick relief. The result usually is the discovery of laxity in the local administration and the necessary corrective measures are applied.[23] The Cigar Makers have a staff of travelling auditors who from time to time inspect the accounts of local unions and scrutinize the administration of the benefits.

The administration of out-of-work relief is similar to that of sick benefits in that the national union must of necessity rely upon the local union. The requirement of registration from day to day is the chief administrative check upon the payment of the benefit to members not entitled thereto.

The more complete the system of benefits the less is the difficulty in preventing the payment of fraudulent claims. A union such as the Cigar Makers or the Typographia has a comparatively small problem in administration as compared with that of a union like the Iron Molders. Since the Iron Molders do not maintain an out-of-work benefit unemployed members are tempted to try to secure sick benefits. Even in the Cigar Makers the sick benefit and the out-of-work benefit are used as a form of superannuation relief. The addition of a superannuation benefit would lower the expense of maintaining the sick and out-of-work benefits.

The administration of trade-union benefits is subject to certain rules imposed by the statutes of the various states. All the commonwealths of the United States regulate by law the conduct of insurance business. In this regulation, distinction has necessarily been made between regular insurance companies and that class of organizations known as

[23] Proceedings of the Twenty-second Convention, 1902, in Supplement to Iron Molders' Journal, September, 1902; Proceedings of the Twenty-third Convention, in Supplement to Iron Molders' Journal, September, 1907.

fraternal or beneficiary societies. The trade organizations described in this monograph as maintaining insurance or benefit departments fall under the latter class.

The unions paying insurance, as distinguished from benefits, have conformed to certain requirements of these laws, either by incorporating their insurance departments or by modifying the rules of the organizations in harmony with special state regulations for fraternal insurance companies.

Prior to 1894 — from December, 1867, to 1894 — the Brotherhood of Locomotive Engineers had its headquarters in the state of New York. In the latter year the State Superintendent of Insurance notified the Brotherhood that incorporation of the insurance department was necessary for the continuance of the business. In consequence thereof the central office of the Brotherhood was transferred to Cleveland, Ohio, and on the twenty-second of February, 1894, the insurance department was incorporated under the laws of the state of Ohio as a separate organization.[24] Similarly, the Conductors were forced to incorporate by the pressure of the state laws. In December, 1885, the Order moved its central office from Cedar Rapids to Chicago. In order to strengthen its power and to broaden its influence, the Order, in 1886, applied for a certificate of incorporation under the laws of the state of Illinois. The Secretary of State refused the certificate on the ground that the insurance regulations of the Order were not in accordance with the state laws, and requested that these be changed and that the insurance department be incorporated as a separate organization. The Secretary of State was willing to incorporate the Order under the Act of 1872, provided the Order eliminated from the object of organization the clauses referring to the payment of benefits or indemnity; or he was willing to issue a charter based on the Act of 1883 which provided that only such powers could be taken as are specifically granted therein, namely, "the furnishing of life in-

[24] Locomotive Engineers' Journal, Vol. 28, p. 360.

demnity or pecuniary benefits to widows, orphans, heirs, relatives, and devisees of deceased members, or accident or permanent disability indemnity to members."[25] In other words, the Order could have been incorporated under the Act of 1872 to do all business except insurance, while under the Act of 1883 it could have been incorporated to maintain a system of insurance, but nothing else. The only alternative was separate organization for the protective and the benevolent departments. The Order was unwilling to separate the two departments and consequently transferred its central office to Cedar Rapids, Iowa. The Board of Directors, on July 12, 1887, ordered the grand secretary to proceed with incorporation under the laws of the state of Iowa.[26] The certificate of incorporation, however, was not issued until the laws of the union were made to conform to the insurance laws of the state. These changes were only unimportant ones, such as the change of the name of the Insurance Department to "Mutual Benefit Department," and in no way affected the intent of any laws of the Order.

The other railway brotherhoods have conformed to the insurance laws of the states in which they do business. The insurance department of the Switchmen's Union is incorporated under the laws of the state of New York. The Brotherhood of Locomotive Firemen does business in the state of Illinois under a law enacted in 1893 whereby all beneficial fraternal associations are declared to be corporations, the insurance features of which are subject to state laws.[27] The Brotherhood of Railroad Trainmen operates its insurance department under a license issued by the insurance department of the state of Ohio under the Fraternal Beneficiary Society Act.

[25] Proceedings of the Nineteenth Convention of the Order of Railway Conductors, New Orleans, 1887 (Cedar Rapids, n. d.), pp 51–52, 63.

[26] Proceedings of the Nineteenth Convention of the Order of Railway Conductors, New Orleans, 1887 (Cedar Rapids, n. d.), pp. 155–156.

[27] Hurd, Revised Statutes of Illinois, 1901 (Chicago, 1901), secs. 258–260, p. 1071.

The National Association of Letter Carriers, at the time of organizing the Benefit Association, on August 7, 1891, incorporated the Association under the laws of the state of New Jersey. But less than one year later, on February 26, 1892, the Association was reincorporated under the laws of the state of Tennessee. This change was made, according to Collector Dunn,[28] in order that both the National Association and the Mutual Benefit Association might operate under a single charter.

The unions that pay benefits as distinguished from insurance are less subject to legal regulation. They do not issue beneficiary certificates as do the railway unions, the Letter Carriers' Association, and the large class of fraternal beneficiary societies, and hence are not deemed to be maintaining insurance departments. With one exception, the Brotherhood of Painters,[29] the unions of this group have neither taken out charters of incorporation nor in any way obtained authority to operate benefit departments within their respective states. These unions cannot be said to operate their beneficiary systems irrespective of state laws. In all the states the laws define the scope and functions of such organizations.

The Brotherhood of Painters, in the incorporation of its organization, has taken a step beyond the practices of unions of its type. On December 7, 1894, the Secretary of State of Indiana issued a certificate of incorporation to the Brotherhood under the state law entitled "An act to authorize the formation of voluntary associations;" and in order to conform more strictly to the state laws the corporate name was changed, in December, 1899, to the present name.[30] Incorporation, however, has not proved satisfactory. For many years the Brotherhood maintained one general fund from which local unions received assistance in time of strikes, or

[28] Letter to the author, February 14, 1905.

[29] Constitution, 1901 (La Fayette, n. d.), p. 1. Chartered under the laws of the State of Indiana.

[30] Constitution of the Brotherhood of Painters, Decorators, and Paperhangers of America, 1899 (La Fayette, n. d.), pp. 2–5.

in other cases of need. As a chartered institution the funds were liable at legal action and all payments from them subject to injunction. This state of affairs led the officials to urge complete separation of protective and benevolent funds, thereby offering greater protection to the membership. Consequently in 1904 the Brotherhood adopted the recommendations of the national officials and apportioned the national receipts into separate funds to be used only as specified.

14 DAY USE
RETURN TO DESK FROM WHICH BORROWED

LOAN DEPARTMENT

This book is due on the last date stamped below, or
on the date to which renewed.
Renewed books are subject to immediate recall.

REC'D LD AUG 14 '73 -11 AM 2 9

MAY 23 1974 0

REC'D CIRC DEPT APR 23 '74 8 3

DEC 24 1974

REC'D CIRC DEPT NOV 24 '74

NOV 29 1991

JUN 12 1992

Sep 16 1992

NOV 30 1991

AUTO DISC CIRC JUL 31 '92

MAR 10 1992

1999

DEC 22 2005

LD21-35m-8,'72
(Q4189s10)476—A-32

General Library
University of California
Berkeley

LD 21A-
(C1795s10)476B

General Library
University of California
Berkeley

GENERAL LIBRARY - U.C. BERKE

B000284790